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IRON AND STEEL BOUNTIES IN CANADA

NO government in the Anglo-Saxon world is more committed to protection and to bounties to industry than is that of the Dominion of Canada. In bounty legislation the government at Ottawa has gone beyond all precedent in English-speaking countries; for by the tariff legislation of 1906–07 the people of Canada are committed until 1912 to bounties to the iron and steel industry alone which will aggregate between $17,000,000 and $20,000,000.

Bounties to the iron and steel industry date as far back as 1883. Their history easily divides itself into two periods; and the history of this form of government largesse to industry in both these periods must be understood if the significance of the bounty legislation between 1897 and 1907 is to be adequately realized. The year 1897 must be taken as the dividing line; because all bounty legislation from 1883 to 1896 was enacted by Conservative governments—by the political party which originated the "national policy" in 1879—while for this largesse to industry under enactments passed since 1896 Liberal governments are responsible.

I.

The "national policy," as it was embodied in Dominion enactments by the Macdonald, the Thompson and the Bowell governments at Ottawa between 1879 and 1896, involved protective duties in the interests of Canadian industry—duties which operated alike against Great Britain and the United States—and direct bounty aid for such industries as iron and steel, beet

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sugar and binder twine. The Liberals were continuously in opposition from 1878 to 1896. In this period their leaders in the Commons were Mr. Alexander Mackenzie, Mr. Edward Blake, Sir Wilfrid Laurier and Sir Richard Cartwright, and their foremost newspaper supporters were the *Globe* of Toronto, the *Witness* and the *Herald* of Montreal, and the *Chronicle* of Halifax, Nova Scotia. During part of this period—1868 to 1882—the Halifax *Chronicle* was edited by Mr. H. S. Fielding, who since 1896 has been minister of finance in the Laurier governments. Mr. Edward Blake retired from Dominion politics in 1892, and since then has been of the House of Commons at Westminster, as a Nationalist member for South Longford. From 1892 to 1896 Sir Wilfrid Laurier was leader of the Liberal opposition at Ottawa, with Sir Richard Cartwright, now minister of trade and commerce, and Mr. W. Paterson, now minister of customs, as his associates on the front opposition benches.

Protective duties date from 1879. Bounties for the iron and steel industry date from 1883. From the first the Liberals were persistent and vigorous in their opposition to protection both in Parliament and in the constituencies; and after 1883 they were as vigorous and as unsparing in their condemnation of bounties as aids to industry. Cobden and Bright never declaimed with greater fervor against the Corn Laws than Sir Richard Cartwright and Sir Wilfrid Laurier against that part of the national policy which was inaugurated in 1883 with a bounty of one and a half dollars a ton on pig iron made from Canadian ore. Sir Richard Cartwright was in those years the leading economist of the Canadian Liberal party; and between 1883 and 1896 he made the House of Commons ring with denunciations of what he then regarded as the injustice and iniquity of this direct government largesse to industry. He maintained that it was as wasteful and demoralizing to pay bounties out of the Dominion treasury as it would be to set men to work to dig holes for fence posts and then employ them to fill the holes up again. His colleagues on the front opposition benches and the supporters of Sir Wilfrid Laurier on the back opposition benches enthusiastically endorsed these condemnations of bounties.

Bounties were similarly condemned in the constituencies at

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Liberal mass meetings; they were similarly condemned in the Liberal press; and in 1893, when the Liberals met in national convention at the Dominion capital and drew up the famous Ottawa program, it was declared of the national policy—bounties as well as protective duties—that it was "founded upon an unsound principle, and, used as it has been by the government as a corrupting agency wherewith to keep themselves in office, had developed monopolies, trusts and combinations, and had oppressed the masses to the enrichment of the few."

It was of the same policy—protection and bounties—that Sir Wilfrid Laurier, who has been premier since 1896, asserted at Winnipeg in 1894 that it meant servitude for the people of Canada. Speaking as leader of the Liberals, who were then and until 1896 in opposition, he said:

> We stand for freedom. I denounce the policy of protection as bondage—yea, bondage; and I refer to bondage in the same manner in which American slavery was bondage. Not in the same degree, perhaps, but in the same manner. In the same manner the people of Canada, the inhabitants of the city of Winnipeg especially, are toiling for a master who takes away, not every cent of profit, but a very large percentage, a very great portion of your earnings, for which you sweat and toil.[1]

At this time, 1894, Sir Wilfrid Laurier had only recently assumed the leadership of the Liberal party. His speech at Winnipeg, from which I have quoted, was the first great speech which he had made west of Toronto as the Liberal leader. In 1893 he had been the dominating figure at the Ottawa convention, and had made a speech there in support of the Ottawa program, on lines similar to those of his later speech at Winnipeg. "When we are in power," he assured the delegates from the Liberal associations who were in attendance at the convention,

> we will relieve the people of protection, which is a fraud, a delusion, and a robbery; for it is robbery to take money from one man and give it to another. I submit to you that not a cent should be extracted

[1] Manitoba *Free Press*, September 3, 1894.

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from the pockets of the people except every cent goes into the treasury of the people and not into the pockets of anybody else. I submit to you that no duty should be levied for protection's sake, but levied altogether and for the purpose of filling the treasury to the limits required. I submit to you that every cent that is levied should be levied first and foremost on the luxuries of the people. I submit to you therefore that the system of protection which is maintained by the government, that is to say, of levying tribute upon the people, not for the legitimate expenses of the government, but for a private and privileged class, is to be condemned without any qualification. Let it be well understood then that from this moment we have a distinct issue with the party in power. Their ideal is protection, our idea is free trade; their immediate object is protection, ours a tariff for revenue and for revenue only. Upon this issue we engage in battle.[1]

As regards bounties, it could have been the principle only that so aroused the hostility of the leaders of the Liberal party in the early nineties; for the money paid out in bounties was then comparatively small. At the outset only three iron-making concerns came on the bounty list; and in the fiscal year 1884-85, the first full year in which the legislation of 1883 was in force, $41,940 was paid in respect of 27,960 tons of pig iron made at the charcoal iron furnaces at Radnor and Drummondsville, province of Quebec, and of hematite pig made at Londonderry, Nova Scotia. Of the total of $41,940, the sum of $33,854 was paid to the Steel Company of Canada, which then operated the furnaces at Londonderry, or rather to the liquidators of that company. In no year prior to 1896, when the Liberals came into power, did the call on the treasury for bounties to the iron and steel industry exceed $125,000. This was the amount paid out for the year ending June 30, 1894, after the bounty legislation, first enacted in 1883, had been so extended in 1894 as to admit of the payment of bounties on puddled iron bars and steel billets as well as on pig iron. Until this change in the law was made in 1894 bounties to the industry had in only one year exceeded $50,000.

The payments were small because under the acts of 1883, 1886 and 1892 bounties could be paid in respect only of pig

[1] Official Report of the Liberal Convention, 1893, p. 33.

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iron made entirely from Canadian ore; and the demand for this pig iron in the eighties and the nineties was small. Pig iron from Canadian ore is still made in comparatively small quantities only, notwithstanding the fact that there are now nine iron and steel producing plants in the Dominion, and notwithstanding the fact that in 1906 Canada imported pig iron of the value of $946,922—paying a duty of $2.50 a ton—from the United States. The bounty code which was part and parcel of the national policy of the Conservative governments in power at Ottawa from 1878 to 1896 embodies only four enactments that have reference to the iron and steel industry. Under the act of 1883 it was provided that the bounty on pig iron from 1883 to 1886 should be at the rate of one and a half dollars a ton, and from 1886 to 1889 one dollar a ton. But in 1886, when the rate should have been reduced, another act was passed which extended the higher rate from 1886 to 1889, and further provided that the one-dollar rate should come into force in 1889 and should be continued until 1892. This lower rate was in operation from 1889 until 1892, when the third enactment in the bounty code was passed. By this act it was provided that from July 1, 1892, until June 30, 1897, bounties should be at the rate of two dollars a ton—fifty cents a ton more than the rate fixed when these bounties were first established. The last of the Conservative bounty acts was passed in 1894. Under this measure the pig-iron bounties which were to end in 1897 were continued until 1899; and it was also provided that bounties should be paid at the rate of two dollars a ton on puddled bars and on steel billets.

On the output of furnaces and rolling mills that were in operation at the time this act was passed it was provided that bounties should be paid only between March 27, 1894, and March 26, 1899; but for plants which were put into service between these dates there was a provision that bounties should be paid on their output of pig iron, puddled bars and steel billets for five years from the date at which productive operations began. In 1894 only blast furnaces were in operation. The bounty scale then applicable to them was that of 1892. The rate was two dollars a ton; and the same rate was extended in the new

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act to puddling furnaces and steel rolling mills. The act of 1894 thus made no difference to the pig-iron plants, which received from the treasury, in the year ending June 30, 1904, an aggregate sum of $125,044 in bounties. The concerns among which this sum was divided were the Canada Furnace Company at Radnor, province of Quebec; the Londonderry Iron Company, Nova Scotia; the New Glasgow Company, Nova Scotia; and McDougall and Company, Montreal; and this disbursement from the Dominion treasury during the year 1904 is practically an official record of the capacity of the Canadian furnaces at that time. With the bounty at two dollars a ton, it shows that the production for the year was, in round figures, 62,500 tons, all made from Canadian ore.

During the next fiscal year, July 1, 1894, to June 30, 1895, bounties were paid on puddled iron bars as well as on pig iron. On steel billets bounties were first paid during the fiscal year 1896–97. That was the year which witnessed the downfall of the Conservative party at Ottawa, and the payments made in that year show the cost of the bounty policy as administered by the party with which protection and bounties had originated. The calls on the treasury in that year reached a total of $86,890[1]; and the largest payment to any one company was that of $55,016 to the Nova Scotia Steel Company, which was on the list in 1894 as the New Glasgow Iron Company. In 1897 the Nova Scotia Company was paid $37,650 on pig iron, and $17,366 in respect to steel billets. Thus in 1896, when the Liberals, who had pledged themselves to bring the bounties to an end, came into power, bounties to the iron and steel industry were costing the Dominion under $87,000 a year. Moveover, these bounties were then confined to iron and steel made from Canadian ore; and except in the case of furnaces which might come into the productive list between 1894 and 1899—the furnaces for which an exception as to time limit was made in the act of 1894—it would have been possible to end the whole bounty system as applied to the iron and steel industry by refus-

[1] Pig iron, $66,506; puddled from iron bars, $3018; and steel billets, still made only at New Glasgow, $17,366.

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ing to reënact the bounty legislation when the act of 1894 expired on March 26, 1899.

II

The Ottawa Liberal program was drawn up in 1893 in expectation of a general election in that year. It was not until 1896, however, that the Conservative government, in which at that time Sir Charles Tupper was premier, appealed to the constituencies. Between 1893 and 1896 the Manitoba school question came to the front. This was one of the principal issues in the general election of 1896; but on general questions it was the Ottawa program on which the Liberals made their appeal for a majority in the House of Commons. The majority was forthcoming. Sir Wilfrid Laurier became premier; Mr. Fielding, who for the first time was returned to the Dominion Parliament as one of the members for Nova Scotia, became minister of finance; and Sir Richard Cartwright, the Cobden of the Liberal opposition, was appointed minister of trade and commerce.

Little heed was paid to the Ottawa program after the Liberals were returned to power. For the most part it was quietly dropped, as was the movement for the reform of the Senate—a nominated and useless body which the Liberals had professed a wish to reform when they were in opposition and when none but Conservatives were nominated to the Senate. Protection had been denounced as robbery when the Liberals were in opposition, and they had pledged themselves to such a measure of tariff revision as would sweep away the protective schedules and reëstablish a tariff for revenue only. The tariff was revised in 1897, but not on the lines of the Ottawa program. The only innovation was the enactment of a preferential tariff for Great Britain. To some degree this did lessen the burden of the national-policy tariffs; but apart from the inroad made on the protective system by the preferential tariff, practically all the protective duties of the tariffs of Conservative governments between 1878 and 1896 were continued; in some instances, as in the case of cotton goods, the duties were increased by the revision of 1897. In defence of the abandonment of the policy which the Liberals had so long advocated in opposition, it was

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urged that no government could face the responsibility of depriving the industries of the Dominion of the protection which had been afforded them by the tariff since 1879.

In the tariff revision of 1906–07 the abandonment of the Liberal policy as embodied in the Ottawa program of 1893 is complete. At the instance of the Canadian Manufacturers' Association many inroads have been made on the preference for Great Britain, which was established in 1897; and increases in duty ranging from two and a half to seven and a half per cent have been made in most of the manufacturing schedules. These increases have been made notwithstanding the fact that for five or six years prior to the revision of 1906–07 Canadian industries were more prosperous than at any other time in the history of the Dominion; and notwithstanding the fact that at the time when the House of Commons, in committee of ways and means, was authorizing these increases, there were scores of complaints in the commercial pages of the daily press that the cotton and woollen mills and other industrial plants were greatly in arrears with their orders.

These concessions were not made on the plea that infant industries needed encouragement. In the process of revision, which extended from September, 1905, when the tariff commission began its public inquiries, until the middle of March, 1907, by which time the new tariff had passed through all its stages in the House of Commons, little was heard of the infant-industries plea, which was so strongly pressed on Parliament and on the constituencies between 1879 and 1894. It was my fortune to travel for six or seven weeks with the tariff commission in the winter of 1905–06, and during this time to attend all its public hearings. At these hearings the infant-industries plea was made not more than five or six times at the outside. In its place there were two new pleas. One was that there should be higher protective duties to enable Canadian manufacturers to specialize; and the other that Canadian manufacturers were entitled to all the business of Canada, and that there should be higher duties to preserve it for them. The plea for tariff-made opportunities to specialize was most pressed by the cotton and shoe manufacturers. The stove manufacturers and the manu-

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facturers of caskets laid most stress on the exclusive right of Canadians to the Canadian market. In one form or another there are concessions in the new tariff to most of these claimants: lower rates on imported raw material are conceded to the stove manufacturers; higher duties are conceded to the cotton and shoe manufacturers. In submitting these changes to the House of Commons Mr. Fielding, the minister of finance, defended them in speeches as protective in tone and sentiment as were those of McKinley and Dingley, when they were piloting the tariff acts of 1890 and 1897 through the House of Representatives at Washington.

This is, in brief, the history of the abandonment of the Liberal policy of 1879–96, so far as protective duties are concerned, by the Laurier governments in the tariff revisions of 1897 and 1906–07. As regards bounties the *volte face* of the Liberals has been even more extraordinary. In the year in which the Liberals came into power, the iron and steel bounties, as has been shown, were costing the Dominion only $86,890. Only four plants —two in Nova Scotia and two in the province of Quebec—were then on the bounty list; and it would have been possible for the government to end the bounty system merely by refraining from passing any new law when the last enactment in the bounty code —that of 1894—expired in March, 1899. It would have been much less difficult to end the bounty system in 1899 than it would have been to revise the tariff in 1897 on the lines of the Ottawa program. To put the tariff back where it was before 1879, with most of the duties imposed for revenue only, would have involved at least three months' work for the House of Commons; for the Conservative opposition would have found ample opportunity for obstructive tactics. Each of the six hundred and odd items could have been discussed without limit, for there is no closure rule at Ottawa; and when discussion so prolonged was at last exhausted, the opposition could have wasted more time by dividing the committee of ways and means on each item. As regards bounties there were no such difficulties. The making of an end to bounty legislation, simply by allowing the act of 1894 to expire, could not have involved any such dislocation of industry as the Laurier government is asserted to

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have dreaded when it abandoned the Liberal policy of a tariff for revenue only and adopted almost in its entirety the national policy of the Conservatives. Not more than four or five hundred men were at work in 1906 in the actual production of iron and steel; and the four iron and steel plants then in operation, which had been enjoying the largesse of the Dominion government since 1883, knew that this largesse was guaranteed to them only until March, 1899, and that if the Liberals, when they came into power, should act in accordance with their long-proclaimed policy, this largesse must then come to an end. But the Laurier government did not take this course. It continued and greatly extended the bounty system in 1897, and again in 1899 and in 1903. As a result of its legislation, over $2,000,000 were paid out in iron and steel bounties in the fiscal year which ended June 30, 1906; and by a further continuation of the system in 1907 the government is committed to bounties which between 1907 and 1912 are likely to call for payments aggregating between $17,000,000 and $20,000,000.

As regards the failure of the Laurier government to carry out in 1897 the promises of the Liberal party of 1893 in the matter of protective duties, a ministerial explanation was forthcoming when the tariff commission was on its rounds in Ontario, in November, 1905. The explanation was offered by Mr. Patterson, minister of customs, at Chatham, when the farmers' organizations, which were in attendance at the sitting, asked why the Ottawa program had been abandoned. "Violent changes which involve the closing of manufactories, and the throwing out of hundreds of thousands of work people," Mr. Patterson then said, "are changes that no men charged with the responsibilities of government dare to face." To the question why the bounty system was continued and extended, I have been able to find but one ministerial reply. In 1897, when Mr. Fielding submitted the bounty bill to the House of Commons, he stated that under the then existing circumstances it was only reasonable that the iron and steel manufacturers should be given a chance for a few years longer to show what they could do.

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III

The explanation of the *volte face* must be sought chiefly, though not exclusively, in the province of Nova Scotia. During the Conservative régime at Ottawa, Nova Scotia was represented in the Dominion cabinets by Sir John Thompson and Sir Charles Tupper. Both Thompson and Tupper were premiers between 1878 and 1896; and higher duties on bituminous coal, imposed in 1894, and bounties for iron and steel production, first enacted in 1883 (chiefly for the relief of the then financially embarrassed Steel Company of Canada, whose plant was at Londonderry, Nova Scotia), are proofs of the influence that Nova Scotia could exercise at Ottawa while the Conservatives were in control. Besides coal mining and the manufacture of iron and steel, Nova Scotia, with its population of 460,000—a population that has been almost stationary since 1881, when it numbered 440,572—has only three manufacturing industries. Fishing, farming and lumbering are industries of the province; but the only industries in Nova Scotia which can be aided by the national policy, as it was originated by the Conservatives and as it has deen developed and extended by Liberal governments since 1897, are the manufacture of tweeds at Oxford and of cottons and ready-made clothing at Halifax, and coal mining and the manufacture of iron and steel.

These five industries have been protected by both Conservative and Liberal governments since 1883. Every user of bituminous coal in the section of country drained by the St. Lawrence, which lies between Rimouski in Quebec and Prescott in Ontario, pays tribute since 1897 at the rate of fifty-three cents a ton to the two or three great coal companies which control the mining industry in Cape Breton and use Sydney and North Sydney as their shipping ports. Of the first payments under the iron-bounty act of 1883, nearly $35,000 went to Nova Scotia; and of the $8,814,835 paid out in iron and steel bounties between 1883 and June 30, 1906, $5,534,554 has been disbursed to Nova Scotia companies. One of these concerns, the Dominion Iron and Steel Company (which, as will be shown later, has played a significant part in the history of bounties in Canada)

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received between 1900 and 1906 $3,466,519; while to a second of these enterprises, first known as the New Glasgow Iron Company, later as the New Glasgow Iron, Coal and Railway Company, and later still as the Nova Scotia Steel and Coal Company, the payments between 1883 and 1906 were $1,483,993.

Looking a little more closely into industrial and political conditions in Nova Scotia, I am convinced that the member of the Laurier administration who is responsible for this largesse to the iron and steel industry is Mr. Fielding, who, before he was of the Dominion House of Commons and of the Laurier cabinet of 1896, was premier of Nova Scotia, and that much of the inside history of bounty legislation since 1897 will some time be discovered to group itself about the Nova Scotia Steel Company, whose plants are at New Glasgow and at Sydney Mines, and even more about the Dominion Iron and Steel Company, which has a large modern plant (four blast furnaces, ten open-hearth furnaces, two Bessemer converters and a rail and a rod mill) at Sydney, Cape Breton. By pushing inquiries a little further, it may be ascertained that the extension of the bounty policy of the Laurier government, which since 1897 has authorized the payment of bounties on pig iron made from other than Canadian ore, was due to the discovery, in the early nineties, of a large bed of ore at Belle Isle, off the coast of Newfoundland. By 1896 this Belle Isle deposit was under the control of what is now the Nova Scotia Steel Company. By 1897 the control of half or two-thirds of this deposit had passed to three company promoters of Boston and New York, who, in association with a Halifax capitalist and promoter and a lawyer-politician of Halifax, who is also the owner of two Liberal daily newspapers published in the Nova Scotia capital, were busy in 1897 with the preliminaries for the organization and promotion of what is now the Dominion Steel and Iron Company—a company which up to June, 1906, had received three and a half million dollars in bounties from the Dominion treasury.

The last of the old national-policy bounty enactments was not to expire until March, 1899. But the new Liberal government, which came into being in 1896, had no intention of keeping the recipients of bounties in suspense as to what was to be the

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fate of the enactment of 1894. In June, 1897, there was passed an act continuing the bounty policy of the Conservative governments and enormously enlarging its scope. Only pig iron, steel billets and puddled iron bars made from Canadian ore had derived any advantage under the legislation from 1883 to 1894. Under the act of 1897 bounties became payable on steel ingots also. An ingot is the product of the first stage of the steel-making process; a bloom, of the second; and a billet, of the third —the stage reached after the steel has been through the rolls. Ingots were not on the bounty list of the acts prior to that of 1897, because in 1894 there were no Bessemer converters or open-hearth furnaces in Canada at which ingots could be made. Under the act of 1897 a bounty at the rate of three dollars a ton was established on steel ingots "manufactured from ingredients of which not less than fifty per cent of the weight thereof shall consist of pig iron made in Canada." This clause was evidently framed in the interest of the promoters of the steel plants which since 1897 have been established at Sydney and Sydney Mines; for, when this act was going through Parliament, it was known that it was ore from Belle Isle, Newfoundland—foreign ore in the phraseology of bounty legislation—that was to furnish the hot metal for the open-hearth furnaces at Sydney and Sydney Mines.

The bounty legislation, enacted from 1883 to 1894 by the Conservative originators of the national policy, was intended to develop the use of Canadian iron ores. If this policy had been strictly adhered to, there would have been neither blast furnaces nor open-hearth furnaces at the Sydneys; for the two plants there came into existence in consequence of the discovery of iron ore at Belle Isle. By the act of 1897 the rate of bounty on pig and puddled iron bars, made from Canadian ore, was increased from two to three dollars a ton, while for pig iron made from other than Canadian ore the rate was fixed at two dollars a ton; and it was provided that these bounties should be continued from June, 1897, to April, 1902. This was the first of the bounty enactments for which the Liberal governments are responsible. It was under the stimulus of this act, with bounties guaranteed from 1897 to 1902, that the Dominion Iron and Steel

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Company was organized, and the largest iron and steel plant in Canada, or in any other British colony, came into existence. It is no exaggeration to say that this industrial company has been the object of government largesse—municipal, provincial and federal—beyond all precedent in the Anglo-Saxon world, and for this reason it is worth while to follow its history in some detail.

IV

Taking the benefits conferred on the promoters of the Dominion Company in the order in which they were bestowed, first come the concessions which were made by the provincial government of Nova Scotia, the government at Halifax. From the provincial government, the company received a charter in which the right of eminent domain was conceded, and in which, by an amendment made at a later session of the provincial legislature, the company was given the unusual power of paying dividends to preferred stockholders during the construction of the plant. In addition to these favors, the company was freed by legislation from all provincial and county taxation; and it was also enacted that the royalty payable to the province, as owner of the coal lands, on all coal used at the company's plant and by steamers owned or chartered by the company, should be six and a quarter cents a ton instead of twelve and a half cents, the royalty paid by the mining companies on coal for domestic and export trade. The municipality of Sydney purchased and gave to the company free of all charge the site on the harbor which is now covered by the company's plant. For the purchase of this site the city was bonded for $370,000. In addition the city agreed to give the company free water and to forego all taxation for thirty years. All this largesse has been bestowed on the company within the province of Nova Scotia. From the Dominion government, as I have already stated, it received from the time its first blast furnace was set to work in 1901 down to June 30, 1906, $3,466,519 in direct bounty payments. Part of this largesse was bestowed under later iron and steel bounty enactments of the Laurier government, the acts of 1899 and 1903, to which I shall again refer when I return to the main story of bounty legislation at Ottawa.

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In addition to these direct payments of nearly three and a half million dollars from the Dominion treasury, the output of the plants at Sydney, as of plants elsewhere in the Dominion that are on the bounty list, is protected by high import duties on iron and steel. Under the tariff of 1897 the duty on pig iron was two and a half dollars a ton, and that on steel ingots and billets two dollars. From June, 1905, there has been a duty on steel rails of seven dollars a ton. Wire rods, which are made at Sydney, were at first on the free list; but from 1904 there was a clause in the tariff, enacted principally in the interests of the Canadian iron and steel plants, intended to prevent the "dumping" in Canada of wire rods and other steel products by American manufacturers.

In addition to all this largesse, direct and indirect, from the Dominion government, the steel plants have derived very great advantage from the "forward" railway policy which has been adopted by the Laurier government since it came into power in 1896, and especially since 1903, when the government undertook to guarantee the building of the Grand Trunk Pacific, the second transcontinental line of the Dominion. Since June, 1905, when the rail mills at Sydney and Sault Ste Marie began work, the demand for steel rails in Canada has exceeded the capacity of these two plants—the only rail mills in the Dominion—and all the existing plants have been unable to keep pace with the demand for pig iron. About the beginning of each month paragraphs similar to the one quoted below appear in the daily newspapers of Halifax, Montreal, and Toronto.

The monthly record held in Canada for the production of rods was broken by the Dominion Iron and Steel Company in January, when it produced 7966 tons, the record being several tons below this. In January of last year the mill produced 7400 tons. Last Monday the mill began to manufacture three-eighth inch rods; and in the 24-hour run 124 tons had been produced, a record in this size. Lack of hard steel during the month threw the output of the rail mill below the average. Better results are expected this month, the mill being operated to its entire capacity.[1]

[1] *Montreal Witness*, February 7, 1907.

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Since June, 1905, when the rail mill went into service, the plant at Sydney is what steel men describe as a unit. It comprised, at the time the foregoing paragraph appeared, four blast furnaces, each with a capacity of 350 tons daily; ten fifty-ton open-hearth furnaces; a rail mill; a rod mill; and sufficient batteries of by-product coke ovens to keep the blast furnaces supplied with fuel. The unit is now working to its full capacity; and it would be impracticable to increase the output without large capital outlays for additions. For instance, if it were desirable that structural steel or steel plates for shipbuilding should be made at Sydney, unless the rail and rod mills were thrown out of work another unit would have to be added. This would mean the duplication of the blast and open-hearth furnaces, and the addition of another rolling mill to the two already in existence. The plant was designed and laid out by a Pittsburg engineer, whose reputation in the steel world is international. As a unit it is magnificent. As a waterside plant it compares best, perhaps, with the rail-making plant of the United States Steel Corporation at Lorrain, Ohio. As regards labor-saving machinery, the furnaces and mills at Sydney will compare with any of the newer plants in Pennsylvania and Ohio; and in this respect it is far in advance of many of the iron and steel plants of England and Scotland.

Its physical advantages also are noteworthy. The transportation of ore by steamers from Belle Isle to Sydney does not require more than eighteen hours. At the piers at Belle Isle steamers of 5000 tons can be loaded in about five hours. The cost of mining and loading ore does not exceed one dollar a ton; cost of transport to Sydney ranges from thirty-five to forty-five cents; and no royalty on the ore is charged by the Newfoundland government. Like the provincial government of Nova Scotia and the municipality of Sydney, the island government was disposed to make concessions to the Nova Scotia steel companies; and it agreed to forego royalties on ore, the Dominion Steel Company agreeing in return to spend on mining not less than six thousand dollars a year for each square mile of mineral area.

The maximum cost of the ore at Sydney, according to figures

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given to me by the superintendent of the plant, for publication in London in March, 1901, may be taken at one dollar and fifty cents a ton. The Sydney plant is practically on the coal fields. The haul from the mines to the washer plant at the coke ovens is not more than six or seven miles; and from 1901 to September, 1906, the Dominion Coal Company was under contract to supply coal to the steel plant at one dollar and twenty cents a ton; and this was the rate at which coal was being furnished during the period in which the Steel Company was earning its three and a half million dollars in bounties from the Canadian government. Limestone is as near at hand as coal; and the only transport disadvantage in connection with the plant is the long railway haul for its product when navigation is closed. Even this disadvantage did not always exist; for before the rod and rail mills were at work, pig iron and steel ingots, on every ton of which the Canadian government had paid bounties, were exported to the Mersey and the Clyde; and these were put on shipboard within sight of the furnaces at which they had been produced. It is significant of the slight attention that is given in England to economic development and fiscal tendencies in Canada that these shipments from Sydney were still going to the Clyde and the Mersey in 1903—the year when Mr. Chamberlain began his propaganda for fiscal reform and undertook to persuade the people of England that, if England would establish preferences at her ports for Canadian lumber, grain and foodstuffs, Canada would open her markets freely to British manufacturers and end the system of government largesse to Canadian industries.

These are the conditions, political and economic, under which the Sydney plant has been operated since 1901. It is inconceivable that a much larger output can be obtained from the existing unit than has been produced since the unit was completed in June, 1905. It is improbable that the demand for steel rails and wire rods will ever be keener than it has been since 1905 or that prices will be higher. It is equally improbable that government largesse will ever exceed that which has been bestowed by bounty and tariff legislation at Ottawa since 1897. It is fair to conclude that the unit is now earning as much as it ever can

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earn; that there can be no great increase in the earnings at Sydney until by an enormous expenditure of capital a second unit shall be added; yet, in spite of the facts that the iron and steel schedules of the tariff are settled for some years to come on terms favorable to the industry (six dollars a ton duty on wire rods and seven dollars on steel rails) and that bounties are guaranteed at least until the end of 1910, the stock-market report of the *Globe* of Toronto, for March 4, 1907, quotes the bonds of the Dominion Iron and Steel Company at 78, the preferred stock at 56, and the common stock at 22, the par value of each being a hundred dollars.

By the act of the provincial legislature at Halifax, March 30, 1899, under which the company was incorporated, it was empowered to issue common stock to the amount of $20,000,000 and to issue bonds and debentures or preferred stock. In 1902 there was an amendment to the act of 1899—an amendment which, taken in conjunction with the extraordinary concessions made to the promoters of the company in 1899, is proof of the enormous influence working in its favor within the provincial administration and the Nova Scotia legislature. The company was then authorized to increase its common stock "as the wants of the company may require." Absolutely no statutory limit was placed upon the issue of stock. The directors were given authority to pledge or sell common stock at such prices and at such times as might seem to them expedient, and no stock so sold was to be liable to any calls beyond the amount for which the stock might have been purchased from the company. In this amending act of 1902 other remarkable concessions were made. "Notwithstanding any laws of this province," reads one of the clauses, "the directors are hereby authorized to provide for the payment of dividends on preferred shares from any source from which they could provide for payment of any interest on the company's bonds." At this time, 1902, the blast furnaces and open-hearth furnaces at Sydney were at work; and between July, 1901, and June, 1902, a little over $400,000 was paid to the company in bounties from the Dominion government.

The clause in the act of the Nova Scotia legislature which I have quoted was inserted to enable the company to pay divi-

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dends on the preferred stock while the rail mill and the wire mill were being installed; and it was provided in this clause that these dividends should not be paid for a longer period than two years, beginning April 10, 1901. Under the charter of 1899, amended in 1902 as has been described, the company has issued $20,000,000 in common stock, $5,000,000 in preferred stock, and first and second mortgage bonds and real-estate bonds to the amount of $10,044,833.[1] In these various forms the company's issues aggregate $35,044,833.[2]

Interest has been paid on the bonds; but, except for the dividends out of capital on the preferred stock, there has not been a cent of dividend for the holders of preferred and common shares. Since 1904 quotations for the preferred stock on the Montreal exchange have varied from $97.50 to $20; while the common stock, which has never been anything but a counter on the exchanges of Montreal and Toronto, most traded in when bounty legislation was pending at Ottawa, has ranged from $34.50 to $7. The quotation on April 3, 1906, was $34.50, and on that day the preferred stock was quoted at $83.50. Since then the common stock has tended gradually downwards. It failed to move upwards more than two or three points after the minister of finance announced in the House of Commons on November 29, 1906, that the bounty legislation, instead of expiring in June, 1907, was to be continued to the end of 1910. As a dividend-earning stock it is valueless; for, as I have shown, it will not be possible to get more out of the unit at Sydney than has been produced since July, 1905; and whatever may be the fate of the preferred stock, this common stock is not worth the cost of storage in a furniture warehouse, to say nothing of the cost of keeping it with a safe deposit company.

Why there have been no dividends for the holders of pre-

[1] *Cf. The Annual Financial Review* (Canadian), July, 1906, pp. 148–153.

[2] In January, 1906, when the representatives of the Nova Scotia company appeared before the tariff commission at New Glasgow, they told the commission that the present manufacturing capacity of pig iron in Canada was 650,000 tons per annum, and that at that time there were twelve furnaces in operation and two out of blast. They further stated that the capital invested in such plants was from $18,000,000 to $20,000,000.

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ferred and common stock it is not difficult to explain. Every vestige of governmental largesse—bounties and tariff protection from the Dominion government and orders in advance for steel rails from the railway department; exemption from provincial taxation, from county taxation and from the taxation of any part of the company's undertakings in any municipality in the county of Cape Breton, and the reduction by one-half of the royalties on coal from the Nova Scotia government; exemption from mining royalties by the government of Newfoundland; a site free of charge, free water and exemption from taxation by the municipality of Sydney—all these were regarded as assets by the Boston and Halifax promoters. All were alluringly set before investors, and just as much stock was issued as the public would take. By 1903, however, investors began to realize that government largesse to an incorporated industrial enterprise does not necessarily mean dividends; and, although in 1902 the legislature gave the company the power to issue stock without limit, the company so far has not issued common stock beyond the the limit of $20,000,000 that was set by the act of 1899.

The Algoma Steel Company, which first came into the bounty list in 1902–03, which between July 1, 1902, and June 30, 1906, drew $988,443 in bounties, and which in 1907 is drawing bounties at the rate of $35,000 or $40,000 a month on pig iron and ingots which go into the manufacture of rails at the plant at Sault Ste Marie, Ontario, as yet has paid no dividends to its shareholders. The Nova Scotia Iron and Steel Company, which has shared to a considerable extent in the largesse bestowed on the Dominion Steel Company by the legislature at Halifax, especially as regards royalties on coal and exemptions from taxation, and which from 1883 to June 30, 1906, either as the New Glasgow Company or the Nova Scotia Steel Company or the Nova Scotia Steel and Coal Company, drew $1,484,000 from the Dominion treasury, now pays its common stockholders a quarterly dividend of one and a half per cent and its preferred stockholders eight per cent per annum. The Nova Scotia Company, however, is in the coal business as well as the iron and steel business; and its annual report, published in the *Globe* of Toronto on February 18, 1907, does not enable the public to

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discover what proportion of the profits of $960,281 for the year 1906 should be placed to the credit of the coal business and what proportion has accrued from the manufacture of iron and steel. At the time when this report was made public in the daily press, the House of Commons was still busy in committee on the tariff bill, and on the resolutions which embodied the clauses continuing the iron and steel bounties until the year 1910; and it was good policy on the part of the Nova Scotia Company not to make widely known how much of the eight per cent dividend for preferred stockholders and of the dividend at the rate of six per cent for the common stockholders was due to the $12,000 a month it was receiving during 1906 in bounties on its iron and steel production.

The Hamilton (Ontario) Steel and Iron Company first began to draw on the Dominion treasury in 1898-99. Between that year and the end of June, 1906, it had drawn $1,416,469; and from June to November 1906 it was drawing at the rate of $14,200 a month. How it is prospering under this largesse and under the protective tariff may be judged from a paragraph which appeared on the commercial page of the *Montreal Witness*[1] on February 2, 1907, under a Hamilton date line of even date:

> The Hamilton Steel and Iron Company stock has jumped from 110 to 135 in the last few days as a result of the effort that is being made by a few of the largest stockholders to buy in all the stocks. The reason for their anxiety is said to be that $500,000 worth of bonus stock is to be distributed *pro rata* among the present shareholders. The plant is to be doubled; but the money will be taken out of the reserve fund.

V

Before I turned aside to describe the organization of the Dominion Steel Company, I had carried the history of bounty legislation to the first act in the bounty code for which the Liberal governments are responsible. This act of 1897 established the following bounties: three dollars a ton on steel ingots "manufactured from ingredients of which not less than fifty per cent

[1] This newspaper is hostile to bounties but is noted for the absolute trustworthiness of its commercial and trade news.

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of the weight thereof shall consist of pig iron made in Canada"; three dollars a ton on puddled bars; three dollars a ton on pig iron made from Canadian ore, and two dollars a ton on iron from imported ores. The act of 1894 was repealed; and it was enacted that these 1897 bounties should be paid between April 22, 1897, and April 21, 1902. In August, 1899, when the act of 1897 had still two and a half years to run, and about the time that the municipality of Sydney was authorized by the legislature of Nova Scotia to obtain by expropriation the site which it was to give to the Steel Company, the second act in the bounty code of the Laurier governments was passed at Ottawa. By this measure the bounties which under the act of 1897 were to expire April 21, 1902, were continued from that date until June 30, 1907, but, for the first time in bounty legislation, on a diminishing scale; so that, had there been no change in this law when the tariff was revised in 1906–07, the rates would have been as follows:

DURATION OF BOUNTY	ON PIG IRON		ON STEEL INGOTS AND BARS
	FROM NATIVE ORES	FROM FOREIGN ORES	
To April 21, 1902	$3.00	$2.00	$3.00
" July 1, 1903	2.70	1.80	2.70
" " " 1904	2.25	1.50	2.25
" " " 1905	1.65	1.10	1.65
" " " 1906	1.05	0.70	1.05
" " " 1907	0.60	0.40	0.60

The reasons why this act of 1899 was passed two and a half years before the act of 1897 was to expire are not far to seek. In 1899 the organization of the Dominion Iron and Steel Company was making good progress. At Sault Ste Marie a rail plant was being installed for what is now the Algoma Steel Company; a new blast furnace was under construction at Midland, Ontario, for the Canada Iron Company, a concern which under one name or another had been in the bounty list since 1884–85

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in respect of charcoal iron furnaces at Radnor; and the pioneer Ontario steel-making company, the Hamilton Steel and Iron Company, was for the first time coming into the bounty list. It came in late in the fiscal year 1899–1900, receiving $8900 in bounties. In 1900–01 it received $167,470; and in 1901–02 $223,000.

All these companies—certainly the Dominion Company, the Nova Scotia Company, and the Lake Superior Consolidated Company out of which the Algoma Steel Company was developed—at the time of their organization had received substantial favors from the provincial governments of Nova Scotia and Ontario; and these companies, as well as the Canada Iron Company, had been the objects of largesse from the municipalities in which their plants were established. All through the parliamentary session of 1899 much pressure from Ontario and Nova Scotia was brought to bear on the Laurier government for a pledge of the continuance of bounties beyond 1902. This pledge was desired chiefly, but not entirely, in the interest of the Dominion Company, the Algoma Company, the Canada Company and the Nova Scotia Company.[1] The gain to the iron and steel industry by this legislation of 1899 was that bounties were made certain for eight years to come—a longer period than was assured by any act since that of 1883.

What all this largesse meant for the steel plants then in existence or in contemplation was made evident in February, 1901, when the directors of the Dominion Company, through bankers in Montreal, invited subscriptions to a large issue of preference stock. In the prospectus then published much emphasis was laid on the bounties that could be earned by the plant at Sydney. The statement on this point read:

If the production be, as estimated, 300,000 tons of pig metal and 60,-

[1] The Nova Scotia Company is the fourth oldest iron-making concern in the Dominion. It was the first concern to make steel in large quantities, and it came into the bounty list in 1898-99. In 1899 it had the largest iron and steel plant in Canada. Its plant had not then extended beyond New Glasgow and Ferrona; although the newer plant of the company at Sydney Mines, which was built in consequence of the discovery of ore at Belle Isle and was at work in 1905, was no doubt then in contemplation and was accordingly partly responsible for the political pressure from Nova Scotia in favor of a further extension of the bounty system.

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000 tons of steel blooms in 1901, and thereafter 400,000 tons of iron and steel per annum, made from foreign (Newfoundland) ore, the bounty to be received from the Canadian government would be as follows:

1901 . . .	$870,000	1905 . . .	$1,000,000
1902 . . .	2,075,000	1906 . . .	625,000
1903 . . .	1,850,000	1907 . . .	225,000
1904 . . .	1,450,000		
		Total . . .	$8,095,000

This statement led to much apprehensive comment all over Canada; and in the House of Commons, on March 8, the government was asked for some assurance that restrictions would be placed on the total amount of bounties which the Dominion Steel Company and other steel-making companies then organized or about to be organized in Nova Scotia and Ontario could draw from the Dominion treasury. Mr. Fielding, the minister of finance, who answered the question for the government, declined to say whether or not Parliament might properly place any restriction upon the amount payable under the act of 1897 and 1899. The matter, he admitted, had received some attention from the government; but he was not disposed to give an answer which would tie their hands as to their future course. He continued:

Of course there is one thing that we must clearly understand: that, though how far there may be vested rights is a debatable question, yet in so far as we may agree that there are vested rights arising under these acts, those vested rights must be respected. I do not, however, feel very much alarmed over the matter, even if we should be called upon to pay a very large amount under this system. We may perhaps agree that if the industry was worth encouraging at all, it was worth being made successful, and on a large scale. One thing is certain: iron and steel cannot be produced in such enormous quantities, either in Cape Breton or in other parts of the Dominion, without there being an enormous development of the business of the country, from which the Dominion in one form or another will receive a very large return. There is that comfort to us in the first place. There is the further comfort that, even if this system should result in the payment of large sums of money, that payment will speedily come to an end, because at

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the very time we provided the scale of bounties we stated that it was regarded by us as of vital importance that the bounties should be gradually reduced by the terms of the act itself; so that after a term of five years beginning on July 1, 1902, the bounties will cease to exist. If, therefore, we should be called upon to pay even a large sum for the development of these industries, we would have the comfort of knowing in the meantime that as the result of the experiment there must grow up a vast amount of business in the Dominion which would probably not have grown up except for that development; and that, if the bounty should be large, it can only continue for five years, when it will be wiped off the statute books. And if at the end of that time we should find ourselves with a tremendous development of the iron and steel industry—and if that result should be achieved at considerable cost to the treasury—I am not sure that we would regret it; for we would have established throughout the Dominion great industries which would undoubtedly have a tremendous effect in developing the prosperity of the whole country.

VI

After the legislation of 1899, by which bounties were assured until 1907, there were new developments in the Canadian iron and steel trade. Plants were installed or were in contemplation for the manufacture of descriptions of steel not hitherto made in Canada. Accordingly, in October, 1903, an act was passed providing for bounties on steel rods, structural steel and steel plates. None of these bounties was to be paid except on steel produced from ingredients of which not less than fifty per cent of the weight was of pig iron made in Canada. On rolled wire rods, not over three-eighths of an inch in diameter, when sold to wire manufacturers for use in making wire in factories in Canada, the bounty for the first year was six dollars a ton. On rolled angles, tees, channels, beams, joists, girders or structural steel sections, when sold for use in Canada, the rate for the first year was $3 a ton; and on rolled plates not less than thirty inches in width and one-fourth of an inch in thickness, it was also $3 a ton. Like the act of 1899, this act of 1903 was to expire June 30, 1907; and the new bounties established in 1903 were likewise on a diminishing scale. For the fiscal year July 1, 1906, to June 30, 1907, they were fixed at thirty-five per cent

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of the original rate, or $2.10 for wire rods and $1.05 for structural steel and steel plates.

Two years later, when tariff revision was under way, every manufacturing interest in Canada which derived advantage from the tariff or which had shared in the benefits of the bounty legislation of 1899 and 1903 appeared before the tariff commission. Of this commission Mr. Fielding, Mr. W. Paterson, minister of customs, and Mr. L. P. Brodeur, then minister of inland revenue, were members: and it held public sessions at the larger centres of trade and commerce in the several provinces. These public hearings began at Winnipeg on September 7, 1905, and were brought to a close at Ottawa, on February 28, 1906. In all sixty-seven public hearings were held. They were open to all comers. Any resident in Canada, without regard to nationality, could address the commission; and the petitions submitted, and the supplementary statements orally made in support of them, were so numerous that the transcript of the shorthand writer's notes fills nine foolscap volumes, comprising over 8000 pages and containing 2,416,200 words.

The iron and steel interests asked for (1) an extension of the bounties beyond 1907; (2) more protection against imports from Great Britain and the United States; and (3) exemption of the Ontario plants from the duty on bituminous coal, which since 1894 has been imposed in the interest of the coal mines.

To the plea for higher duties there was a strong opposition from foundrymen and other iron and steel manufacturing concerns which use pig iron or steel in billets as their raw material; but to a further extension of the bounty system the only opposition came from the farmers' organizations in the province of Ontario. Farmers and farmers' organizations in Manitoba, Ontario, Quebec and Prince Edward Island protested against increases in duty in any of the tariff schedules; but it was only in Ontario that these organizations condemned the iron and steel bounties, on the ground that "the iron tubs, as well as other tubs, should be compelled to stand on their own bottoms." This general movement of the farmers had some influence in the revision of the tariff. It resulted in slightly lower duties on farm implements and machinery, and in the abandonment of a

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policy which the government had announced in 1904, and again in 1905, of a maximum and a minimum tariff, in which there were to be greatly increased duties against the United States in retaliation for the Dingley act of 1897. But the opposition to bounties which the farmers' organizations of Ontario presented to the tariff commission was unavailing. So was the opposition of a deputation from the farmers' organizations which waited on the minister of finance, at Ottawa, after the new tariff bill had been introduced on November 29, 1906; and equally unavailing were sixty-five petitions from farmers in Ontario, which were presented to the House of Commons between November 29, 1906, and February 25, 1907, while the tariff bill was still in committee of ways and means. Under the bill as enacted, bounties are to be continued until December 31, 1910, and, in the case of electrically smelted iron, until 1912.

In 1897, when, for the first time in the political history of Canada, a Liberal minister of finance submitted to the House of Commons a tariff with protective duties in practically every manufacturing schedule, and with clauses authorizing the payment of bounties out of the Dominion treasury, Mr. Foster, ex-minister of finance in the old national-policy governments and author of the iron and steel bounties act of 1894, reminded the House of the horror with which the Liberals had regarded bounties when they were in opposition. He carried the House back to the post-hole speeches of Sir Richard Cartwright, and asked Mr. Fielding if there had been a change of opinion among his colleagues in the Laurier cabinet. "No," answered the minister of finance, "this legislation is most objectionable to to them." Since 1896 Liberal governments have been responsible for four bounty acts—1897, 1899, 1903 and 1906–07. By November, 1906, Mr. Fielding, Sir Wilfrid Laurier, Sir Richard Cartwright and all the other members of the cabinet had accepted all that was claimed for the bounty system by the Conservatives between 1883 and 1896—all that is still claimed for it by the advocates of the old national policy—for, speaking as the representative of the cabinet, and with the doctrine of the collective responsibility of the cabinet in mind, Mr. Fielding declared that "those who condemn bounties generally

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do not stop to consider what would happen if we did not adopt this system." "If we did not adopt the bounty system," he continued, "we should be obliged to increase the duties on iron, or to allow industries of considerable character probably to close up; and we do not think that desirable."

The new act repeals the acts of 1899 and 1903, and provides bounties only for pig iron, puddled iron bars, steel ingots, and rolled round wire rods. The bounties are again on a diminishing scale, and are as follows:

DURATION OF BOUNTY	ON PIG IRON		ON STEEL AND PUDDLED IRON BARS
	FROM NATIVE ORE	FROM FOREIGN ORE	
Through 1908.....	$2.10	$1.10	$1.65
Through 1909.....	1.70	0.70	1.05
Through 1910.....	0.90	0.40	0.60

On rolled wire rods not over three-eighths of an inch in diameter, manufactured in Canada from steel produced in Canada, when sold to wire manufacturers for use in making wire in their own factories in Canada, the rate of bounty after December 31, 1906, was fixed at six dollars a ton. This high rate of bounty on wire rods represents the one concession made to the farmers in the bounty legislation. The rate for 1906–07, under the act of 1903, was $2.10 a ton; but in order to avoid the necessity of putting a duty on imported wire rods and thus raising the price of fencing wire for the farmers, the plan was adopted of giving this large bounty for wire rods which are used for manufacturing wire in Canada.

Most of the bounty acts have some distinguishing feature. That of 1894 first brought steel on the bounty list; that of 1899 established a graduated scale; that of 1903 extended bounties to three of the later stages of the steel industry; and that of 1906–07 is remarkable because it withholds bounties from pig iron and steel ingots that may be exported. It was proposed by the government to do this in the act of 1897, but

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the leaders of the Conservative opposition urged, in the interest of Canadian labor and Canadian industrial development, that the bounties should be paid alike on pig iron and steel ingots used in the Dominion and shipped abroad. The government hesitated. Mr. Fielding was afraid that by its bounty system, if export duties equal to the bounties were not imposed, Canada would attack the industries of the country to which its iron and steel were exported, and that that country would do in regard to iron and steel what Germany had already done to Canada in the sugar trade. The opposition, however, still pressed the government not to concern itself as to where Canadian iron and steel manufacturers found their market, but so to legislate as to give an impetus to Canadian enterprise and to the foreign trade of the Dominion. This debate took place when Mr. Fielding submitted the bill of 1897 to the House of Commons; and a day or two later, when the bill was in committee, Mr. Fielding announced that the government had abandoned the idea of imposing an export duty; and as a result of this easily-won concession the Dominion Steel Company from 1901 to 1904 was exporting its bounty-fed pig iron and steel to England and Scotland.

Canada in 1907 has no iron and steel for export; the Dominion is importing large quantities; but for more than a year before the new tariff was introduced there had been rumors that the United States Steel Corporation was contemplating the establishment of a great plant at Sandwich, Ontario; and to these rumors is due the fact that henceforward no bounties will be paid on iron and steel that are exported. In announcing this change in the law Mr. Fielding said:

> We propose that these bounties shall not apply to articles exported. There are rumors that the great steel trust of the United States may come into Canada to do business. If it comes into Canada to do business in the ordinary way, well and good. But if it comes here to make iron and steel for export, it might add largely to our burdens. We think it well to have it understood that we are giving these bounties for the encouragement of iron and steel for consumption in Canada, and if any parties undertake to export these articles they will not be entitled to the bounty upon them.

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The iron plants that first came on the bounty list—the three that were on the list as early as 1884—were small concerns of the older type. With one exception all the iron and steel plants which have come on the list since 1898 are modern in every particular, and as well equipped with labor-saving appliances as any of the newer plants of similar capacity in the United States. A dollar in wages should go as far at these plants as at any plant in the new or the old world. The labor-cost at American plants fluctuates from year to year, and varies according to locality; but with ore, coke and limestone on the ground, the labor-cost of converting these materials into pig iron at furnaces in the Pittsburgh district is between seventy and ninety cents per ton. Even at the higher figure bounties on the scale of 1907 and 1908—$1.10 on pig from foreign ore—are more than sufficient to pay the labor bill at the Canadian furnaces.

From 1883 to the close of the year 1906, when it was announced that bounties were to be continued from 1907 to 1912, iron and steel bounties had cost the Dominion of Canada $9,650,000. For $714,700 of this total cost Conservative governments were responsible. For the remaining $8,935,200 Liberal governments, which have been continuously in office since 1896, are responsible. I have based my estimate of what the bounties are likely to cost between the end of 1906 and the end of 1912 on the capacity of the present furnaces, and on that of the furnaces in building or in contemplation at Port Arthur, Sault Ste Marie, Hamilton and Welland in the province of Ontario and at Sydney Mines and Londonderry in Nova Scotia. In this estimate I have taken no account of the rumors that the United States Steel Corporation is to instal a large plant at Sandwich, Ontario. Taking the lower figure, $17,000,000, by the end of 1912 the bounty policy will have cost the Dominion little less than $26,000,000. What this policy had achieved up to the end of June, 1906, can be stated in a few words. In 1884–85 there were only three iron furnaces, with an aggregate capacity of 28,000 tons; and there was not a Bessemer converter nor an open-hearth furnace anywhere in the Dominion. For the fiscal year 1905–06 bounties were paid on 581,858 tons of pig iron—495,335 from foreign ore and 86,523 from Canadian ore—and

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on 569,237 tons of steel; and in January, 1906, it was reported to the tariff commission at New Glasgow that there were fourteen blast furnaces in Canada, with a capacity of 650,000 tons per annum.

It may be asked how the people of Canada regard this lavish bestowal of government largesse on the iron and steel industry. The only articulate opposition to it is that of the farmers' organizations of Canada. The Conservative daily press approves of it as an adoption by the Liberals of the national policy; and among the Liberal newspapers which I have named as supporting the fiscal policy of the Liberals when they were in opposition, the *Montreal Witness* is today the only paper that remains faithful to the old principles. The attitude of the *Toronto Globe*, so long and so vigorously the opponent of protection and of bounties when the Liberals were out of power, is that "the great advantage to be gained by Canada manufacturing its own iron and steel products is still generally considered worthy of extraordinary effort."[1] The Liberal newspapers in Hamilton, Ottawa, Montreal,[2] Halifax and St. John, which like the *Globe*, are all close to the Laurier government, take the same line. Independent newspapers, such as the *Ottawa Journal*, emphasize the fact that "the iron and steel companies get nearly as much in bounties as they pay in wages,"[3] and they ask when the bounty system is to come to an end. In the smaller cities in Ontario and in the Western provinces, where the Liberal newpapers are not controlled by members of the Laurier cabinet, by senators appointed by the Laurier government, or by tariff and bounty beneficiaries, there is evidence of impatience with the bounty system; and there is frequent insistence on the fact that the ten million dollars paid out up to the end of 1906 "had not," to quote one of these Ontario journals, "been given to the steel companies in return for goods, but as an inducement to enter upon a line of business which of itself has already become profitable."[4]

EDWARD PORRITT.

HARTFORD, CONNECTICUT.

[1] *Toronto Globe*, February 16, 1907.
[2] Except the *Montreal Witness*.
[3] *Ottawa Journal*, February 16, 1907.
[4] *Brantford Courier*, December 31, 1906.

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INFLUENCES AFFECTING THE DEVELOPMENT OF THRIFT

IT is over a century since political economy elevated the lowly quality of thrift to the rank of a cardinal virtue. At present the view is widely held that one of the best tests of the worth of a man is his power to sacrifice present enjoyments for the sake of his own future and that of those dependent upon him. If the potentialities, moral as well as material, of any social class are to be demonstrated, statistics of the savings of that class are collected. If it is proposed, through legislation, to liberate a given social class from some of the uncertainties and hardships of the *laissez-faire* régime, one of the first questions to be raised is: "What will be the effects upon the habits of saving of the class concerned?"

If the beneficent effects of thrift were confined wholly to the individuals practicing the virtue, we should, as philanthropists, regard the development of thrift with the deepest interest. But the benefits of thrift are not thus narrowly restricted. The man who saves creates capital, and thereby, according to accepted theories, contributes to the economic welfare of even those who consume their entire incomes day by day. Most economists believe that the existing high average of material welfare would have been impossible but for the vast accumulations of the past, and that the future progress of the working class, as indeed of all classes of society, depends upon the continued increase of capital. Now if this is true the greatest importance attaches to the study of the forces governing the development of habits of saving in society at large. This seems so obvious that one would naturally expect to find numerous bulky volumes devoted to the psychology of thrift and to the economic and sociological conditions under which it flourishes.

As a fact, however, no such volumes are to be found. One aspect of the question—the effect upon saving of variations in the interest rate—has of late years received an immense amount

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of attention. Otherwise little progress has been made beyond the position taken by John Rae seventy years ago. One may summarize the accepted treatment of the subject as follows: different races, social classes, individuals, show varying degrees of thrift. Saving is conditioned, on the subjective side, by intelligence, education and regard for the welfare of one's dependants; on the objective side, by security of property and certainty of life, and by the reward for saving in the form of interest.

No doubt these observations are sound as far as they go, but they leave a great many troublesome phenomena without adequate explanation. I know of a town where, in the judgment of the most competent observers, the inhabitants are, as a rule, living quite up to their incomes, if not somewhat beyond them. This was not true ten years ago. At that time the inhabitants of the town in question were generally adding to their permanent funds. The population is composed of practically the same elements; there is no sign of a decline in general intelligence or education—quite the reverse. Incomes are probably somewhat larger, on the average, today than they were ten years ago; consequently failure to save cannot be ascribed to poverty. Interest rates have not fallen perceptibly; the inducement to save is therefore not less. Property was never more secure than it is at present; the public health was never better. What, then, are the forces that have brought about the change in the habits of the community?

A few years ago it was widely debated whether or not England was living beyond her income, trenching upon her accumulated capital. The debate was decided in the negative, I believe; but it was generally admitted that the progress of accumulation had slackened of late years. Are we to suppose that the English are less intelligent, prudent or considerate of their heirs than they formerly were? Interest rates have fallen somewhat; but these have fallen in other countries where no diminution in saving is in evidence.

Men are frequently heard to assert that they are unable to save any part of their incomes. Their fathers, however, accumulated comfortable capitals on smaller incomes. Have we

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here merely a case of degeneracy? If the instances were relatively infrequent we might content ourselves with this explanation. But when whole classes of men plead guilty to the same weakness, we may suspect that forces having another origin are at work. And that whole classes do confess that they suffer from this weakness is proved by one of the most familiar lines of attack of the ubiquitous insurance agent: "You know that you can't save your money. You will spend it on transient pleasures and have nothing to show for it. Give it to me and I will protect it from you."

Such facts as these suggest that, in conjunction with the forces of secular change which strengthen or weaken, in greater or less degree, the accumulative tendencies of society at large, such as progress in the art of government and in general enlightenment, we shall find at work other forces, the operation of which is limited to particular localities or social classes, or to particular phases of economic or social evolution. It is to an investigation of such forces that the present paper is devoted.

It will be readily admitted that great variability in thrift exists among persons whose circumstances are substantially identical. In other words, there are purely personal differences in thrift. Such differences it is no part of my purpose to explain, if indeed they are subject to scientific explanation at all. I call attention to them only in order to indicate my method of procedure. I shall assume that every individual has a certain tendency to save—an instinct, as it were—which may be regarded as a part of his personality, and that this tendency remains unchanged whatever his environment. A man having a given instinct of thrift may be placed in an environment where it is impossible for him to save, or he may find an environment which encourages saving. Where, for example, a class of men receive incomes that barely suffice for existence in accordance with the established standard of living, any tendency to save in members of the class is held in abeyance. Where, on the other hand, a class of men enjoy incomes more than sufficient to meet the requirements of the prevailing standard of living, saving becomes easy even for those in whom the thrift instinct is weak. Actual saving is determined by the relation of personal thrift to the particular environment in which one is placed.

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Certain features of the environment I shall disregard because they have already received as much attention as they deserve. I shall not discuss the effect of increase of income upon the tendency to save. So far as this factor enters into the study at all, I shall assume the fact to be established that the greater the income the greater the chance that the natural tendency toward thrift will find expression in actual savings. For the same reason I shall disregard the effect of changes in the rate of interest, assuming, wherever necessary for the argument, that the higher the rate of interest the greater the stimulus to thrift. I am aware that this is not universally true; that there are circumstances in which the reverse is the case.[1] But I see no reason for rejecting the ordinary view that most men will increase their savings when interest rises and reduce them when it falls.

Abstracting from purely personal differences in the accumulative instinct and from the effect of variation in the interest rates and differences in income, there appears to remain just one important economic factor that may exert an influence upon thrift. This factor is the character[2] of an investment open to savings. There are, further, a number of sociological factors, of which the most important are the standard of life and the existing social ideals relating to thrift. These factors I shall discuss in the order given.

II

A man may invest his savings in concrete capital goods to be used under his own business direction, in concrete capital goods to be used under the direction of other persons, or in "intangible" property—bank deposits, notes, securities and the like. Within each class of investments there is, of course, an indefinite variety of sub-classes. Tangible investments vary in the permanence of the capital goods in which they consist, and this fact has some importance for the present study. In intangible investments the differences most relevant to my purpose are

[1] *Cf.* Webb, Industrial Democracy, vol. ii, p. 610 *et seq.*

[2] I do not include under "character of investments" the productiveness of investments.

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found in the relative ease of withdrawal of the invested sums. It is obvious that these different classes of investments, even when yielding equal returns, may vary in their appeal to thrift, and that those persons who are so circumstanced as to be able to avail themselves of the more attractive investments will, other things equal, be the more likely to save.

Of these classes of investments the one which gives the greatest incentive to save is tangible capital goods to be employed in one's own business. It appears to me altogether probable that the mere fact that such goods are constantly under the owner's eye gives them a power of appealing to the imagination not possessed by, say, a parcel of securities of equal earning power. But apart from any such influence, the mere instinct to save is, in the case of such investments, reinforced by a number of other instincts. There is such a thing as a pleasure arising from activity and achievement—even economic activity and achievement, and a necessary condition of such activity is the possession of appropriate equipment, capital goods. The owner of a well-equipped farm or factory or shop derives from it an amount of satisfaction which is not wholly due to its capacity for yielding income. It follows that he will make greater sacrifices to secure such equipment than he would make to secure a capital yielding an equal income, but managed by another.

In the case of investments in land, another instinct reinforces the accumulative tendency. Most men of European descent, if not men of all races, have a latent desire to possess land—land hunger. Men who would save for no other purpose will often display extraordinary thrift when the reward is the proprietorship of a bit of land. In the case of investments in dwelling houses, account must be taken of a group of powerful instincts that likewise lend support to the tendency to save. A home of one's own is far more important than a mere investment.

Furthermore, we must not lose sight of the fact that tangible investments create an illusion of security that does not attach to intangible investments. The farmer sees the substance of his investments constantly before him. These things he knows he

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will continue to possess, even though war or commercial disaster overtake the community. And if the capital value of his investment shrinks, he is not apprised of the fact by quotations published daily in the newspapers or hourly on the pestilential ticker. It is therefore only natural that in wide sections of the country men should regard investments in land as peculiarly safe. In many parts of the Middle West the capital value of land is so high that rentals, in good years, yield only four or five—sometimes only three—per cent on the investment; and in bad years the rentals may be equivalent to only one or two per cent. Such lands are subject to wide fluctuations in value; yet their owners wonder at the temerity of those who invest in Wall Street securities, the capital value of which is, in reality, no more subject to fluctuations, and the income from which is far more certain.

We may assume that the potency of this illusion of superior stability grows less as we advance to the higher levels of business enterprise. Yet it does not altogether disappear. It is improbable that the owner of a factory undergoes such acute distress upon the approach of a crisis as does the owner of securities of equal earning power. The former knows that in the time of depression he could sell his mill only at a sacrifice. But he does not intend to sell, and information as to what similar mills are bringing at forced sale excites no consternation in his mind. He believes in such a thing as "true value," and that his mill retains its true value in spite of market aberrations. The owner of securities may have no intention of selling them until the crisis is over, if even then. But he is accustomed to watch the market quotations, and is much more inclined to accept market value for true value; hence he feels that with decline in stocks his capital is melting away.

One further superiority of tangible investments is to be found in the fact (or illusion) of superior productiveness. Often an addition to one's equipment of capital goods renders possible a more effective employment not only of the capital goods originally acquired, but also of one's labor force. The farmer who invests his savings in a corn-stalk shredder increases the utility of his supply of fodder, and secures an opportunity for the more

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constant employment of his own time or of that of his hired man. In political economy, it is true, we usually assume that a man can always obtain, through loans, as much capital as he can find uses for in ways that are equal or superior to the average in productivity. In practical life, however, a man can borrow capital only so long as he can give adequate security for it—a very different state of things. And so it happens that a considerable proportion of our enterprisers have at their command opportunities for the profitable investment of capital which they cannot exploit until they have accumulated capital of their own.

While there is often justification for the view that capital under one's own control can be made to yield higher returns than it would yield as a properly secured loan to another, it sometimes happens that such superior productivity is a mere illusion, arising from the natural tendency to overrate one's own judgment and business capacity. But since it is anticipated rather than assured earnings that lead in this case to the saving of capital, the illusion must exert a certain influence in stimulating saving.

Investments in tangible capital goods to be placed under the business control of others include the wide range of permanent productive instruments held for hire: farms, dwelling houses *etc.* Some of the factors described above tend to enhance the attractiveness of this class of investments also, as, for example, the illusion of greater stability of value and, in the case of land, prestige of proprietorship. Many of the factors, however, are obviously wanting, and we may therefore conclude that it takes a higher order of thrift to save for the purpose of making such investments than to save in order to make investments falling under the first class.

Investments in intangible property, as the foregoing discussion has already indicated, make a less powerful appeal to the accumulative instinct than do investments consisting in concrete capital goods—at any rate, than capital goods of the class first described. Intangible investments themselves differ in strength of appeal according to their form. It is easier to acquire a taste for *rentes* than for deposit accounts in savings banks.

But what is of more importance than the concrete form is the

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relative ease or difficulty of withdrawing savings once invested. It is a fact of which most persons are conscious that the strength of the desire to accumulate varies from day to day. At one time the resolution to economize prevails; at another time the disposition to spend. If one keeps his savings in his own strong box, it is likely that recurring periods of self-indulgence will make sad inroads upon the funds set aside in the periods of thrift. This fact is so generally recognized that men have resorted to many singular devices for the purpose of harnessing themselves to their better resolutions. Now such an investment as a savings-bank account is decidedly inferior, in this respect, to an endowment policy, since the preservation of the balance on account imposes a continual strain upon the will of the saver, while the endowment policy preserves itself, under ordinary circumstances, through the inconvenience and loss attending withdrawal. Similarly, securities that find a ready market at all times give greater opportunity for the dissipation of savings than securities that are hard to dispose of. It is not necessary to enter upon a lengthy argument to show that the more fluid the investment the higher the order of thrift required for the maintenance of a permanent capital.

It is obvious that in any community the character of investments open to savings may change as a result of general economic progress. It may become more and more difficult for one who saves to invest in capital goods for his own business. Intangible investments may become increasingly fluid. Under these conditions corresponding changes may readily take place in the general disposition to save. With a given income the average man may consequently find greater and greater difficulty in accumulating a capital fund.

It does not follow, of course, that the accumulative power of the community as a whole would be reduced. The change in the character of investments might be one of the consequences of a change in forms of enterprise which enhances the productive power of the community, and from the increased social income a larger fund of wealth might conceivably be set aside. The change in the character of investments might accompany a rise in the rate of interest, and this might give a stimulus to

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accumulation that would be a complete offset to the effect of the change primarily under consideration. The concentration of wealth might be another accompaniment of the change, and this also might encourage accumulation.

Yet with all allowance for such subsidiary changes, it appears quite conceivable that there are circumstances under which the power of a community to create capital will be reduced by changes in the form of investments. What seems even more probable is that the accumulative power of particular social classes will be thus affected. We may, with profit, consider at some length the effect of changes in investments upon empty-handed laborers—a class which is and will remain one of the largest and most important in society.

III

In the newer agricultural sections, even after all the land has become private property, it is a comparatively easy matter for the man without capital to become the owner of land. After a few years as a hired laborer he can accumulate enough capital to provide himself with the machinery and stock which he needs to start in business as a small tenant. This position once gained, greater opportunities for saving are open to him, and the incentive to save grows stronger. He probably begins with inadequate equipment; if possible, he makes good the deficiency out of the profits of the first years. If land is cheap, the tenant soon develops the ambition of becoming the owner of the farm which he works or of a similar one in the vicinity. In order to realize this ambition, he continues to live as cheaply as possible, putting by every year funds which eventually make up the necessary minimum cash payment. To extinguish the indebtedness which he has incurred in purchasing his land, he will be impelled to save for several more years. When this has been accomplished the need for larger farm buildings, better stock and new machinery makes itself felt. In the end, however, the farm is fully equipped, according to the prevailing state of agricultural technique. Further savings can not well be invested upon it. The farmer may desire additional land, and its purchase and equipment may give sufficient opportunity for

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investment for another considerable period of time. If no adjoining fields are for sale, he may purchase land at a distance, to be worked by a tenant. Or he may accumulate a savings bank deposit or even invest in securities. The habit of saving may have become a second nature with him, and may not be affected at all by the change in his circumstances. But unless the farmer is endowed with an unusually strong accumulative instinct, it is more than probable that after he has cleared his farm of debt his efforts to save money will relax. He will increase the scale of his expenditures, and it is not improbable that he will let his farm and retire to the village to live on the rent. In such case, the farm passes again into the hands of a tenant of small means, who after some years of toil and frugality buys under mortgage, and eventually enjoys unencumbered ownership of land and stock. Under such circumstances the land serves as a means of training successive generations of propertyless laborers in habits of thrift, transforming them eventually into small capitalists. And this is not an imaginary account of what would happen to A or B under hypothetical conditions. It is a description of what is actually occurring in every part of the country where land is cheap and the standard of consumption of the agricultural population is relatively undeveloped.

Not all the farms, of course, change hands in the manner described. Some of them pass regularly from father to son; some pass from the possession of one small capitalist into that of another. In either case the transfer of land gives little occasion for the exercise of thrift. The heir who comes into possession of a fully equipped farm may desire to make a few changes in its stock; but this is soon done, and further savings have to seek outside investments. The position of the cash purchaser is analogous. He soon reaches a point where it does not pay him to reinvest profits on the land.

From the point of view of the theory of thrift it is of importance to know whether, in a given community, land normally remains in the possession of the moderately rich, or whether there is a tendency for it to pass from the richer to the poorer man. In any community both types of transfer will be made,

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but one may be the rule, the other the exception. We may consider briefly the conditions determining the prevailing type.

Land can not become a pure investment for the man who has wealth enough to live without manual labor, until a permanent class of tenants or a permanent class of agricultural laborers has been developed. With temporary tenants and an uncertain supply of agricultural laborers, the problem of getting an income out of land upon which one does not live is a serious one. Under such conditions a man who can no longer cultivate his land will often find that the wisest course is to sell it. He can not, however, sell to another man who is sufficiently wealthy to live at ease. It thus becomes necessary to sell to the man without capital, who will himself till the land.

It is precisely when land is relatively cheap that it is difficult to find permanent tenants. To save money enough for the purchase of a farm when land costs ten dollars an acre does not seem difficult; to save enough to buy a farm at one hundred dollars an acre seems impossible. In a district where land is cheap, the tenant easily conceives the plan of acquiring land; he cuts his expenses to the minimum and ultimately ceases to be a tenant. Where land is dear, the tenant is likely to despair of becoming a proprietor; and if he saves money, it is for outside investments. It is true that when land is dear the tenant requires a larger amount of auxiliary capital, because more intensive cultivation is necessary; and for this reason a considerable amount of savings can be reinvested in his business. But this state of affairs makes it more difficult for the laborer to become a tenant and so helps to create a permanent body of agricultural laborers. Thus the incentive to save is reduced for those who stand economically in the lowest rank.

In mercantile and manufacturing pursuits there are similar influences at work. The small merchant feels constantly the need of additional capital. Whatever he can save he puts back into his business. If he borrows capital, it is with the expectation of paying off the debt and operating exclusively with his own funds. Unlike the farmer, he does not easily reach a point where it no longer pays him to increase his working capital. If his business is established in a village, it may continue to

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expand until it controls the whole local trade. The merchant may then establish a branch in a neighboring village, or he may invest in a local banking enterprise or in mortgages or other securities. The essential point is that the time comes when the local merchant must invest his savings in businesses beyond his immediate control. While the limits to the expansion of a mercantile establishment in a large town or city are yet more elastic, even here the point is reached eventually where savings must seek outside investments. This fact is due partly to limitations upon the organizing power of the merchant, partly to the existence of competitors with whom peaceable relations must be maintained and who would view with jealousy any undue expansion of a rival business.

The position of the individual manufacturer is similar. At first an insistent need for capital compels him to reinvest in his business as much of his income as he can spare. In the end he becomes fully equipped, according to the existing state of technique, and further accumulations must flow into outside investments.

In any given community the majority of the mercantile and manufacturing businesses may be well established and fully equipped with capital goods. When such businesses change hands, they are likely to remain in control of men of the same income class; and as it would be difficult, under the circumstances, for a new man to build up a business, the incentive to thrift for business men in general is weak. Accumulation will no doubt continue, but since the capital thus accumulated must seek outside investment, the progress of saving will slacken.

At any time, however, a far-reaching change in technique may occur. A new opportunity for investment will then be opened for all the enterprisers in the industry affected; sympathetic changes in technique may be made in other industries; and thus a community that had for the moment attained the fully equipped stage would be restored to the stage in which every business man strives to increase his equipment of capital goods. Now if, as I have tried to show, the latter is the state most favorable to accumulation, we should expect to find, in any community, a certain periodicity in capital formation. Capital

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will increase until the average business has its full complement of goods, according to the prevailing methods of production. An improvement in methods will create new opportunities for the investment of capital. Eventually the stage of complete equipment will again be reached, only to be followed by further improvements in technique.

It is conceivable that changes in technique may follow one another so rapidly that the stage of complete equipment is never actually attained. Even under these conditions, however, there would probably still be periods in which actual equipment would be abnormally far from the full complement of goods required by the existing state of technique, and periods in which the equipment would be relatively complete. And this would be sufficient to allow for a certain periodicity in capital formation.

If it were true that capital flowed freely from other parts of the industrial field to the points where it is most needed, a change in technique which necessitates the employment of additional capital in a given industry would not necessarily give rise to the formation of new capital. The industry needing capital would be supplied out of the fund already existing. So long, however, as industry is still controlled by the individual enterpriser, the mobility of capital must remain imperfect. Some new enterprisers will enter an expanding industry, bringing their capital with them. Some capital accumulated in other fields will find its way into the industry under the form of loans. But under the system of individual enterprise, the loan implies repayment. It is obvious, therefore, that each industry is placed under the necessity of providing itself in large measure with the capital it needs.

When the system of individual enterprise gives way to the system of corporate enterprise, capital becomes more nearly fluid. An industry organized as a corporation may finance any transformation of its equipment by the issue of new securities. This means that it may simply draw to itself a part of the existing fund of capital, under conditions that make the transfer of capital permanent. It is true that the new demand upon the general fund of capital may raise the interest rate and so indirectly stimulate saving. But this does not necessarily follow.

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Accordingly it would appear that one of the effects of the tendency toward corporate forms of business organization is the destruction of one of the strongest motives for saving.

IV

From the foregoing discussion it appears that what the average man will save depends in large measure upon the kind of investments open to him, although there are exceptional individuals who will be equally thrifty whatever the conditions of investment. I shall now endeavor to show that what the average man will save depends in large measure upon the prevailing standard of living, although there are exceptional individuals who shape their economic conduct with little reference to social standards.

The acceptance by the individual of a standard of living is one of the manifestations of the fundamental desire to maintain one's equality with those whom one conceives to be of his own kind. In a society like our own, where the character of a man's activities is predominantly economic, the desire for retaining one's place in the esteem of one's fellows naturally assumes an economic direction. Just as in a military society each man strives to display average courage and strength and skill, so to-day each man strives to attain average economic success. And just as formerly the yeoman did not strive to emulate the knight, but contented himself with the yeoman's standard, so to-day one does not strive to emulate in his economic conduct those that are far above him in the social scale, but is content with attaining the standards of the class of which he is a member.

It is obvious that the more closely society is knit together, the greater the influence of social standards upon economic conduct. The solitary frontiersman shapes his economic conduct with very little regard for the opinion of other frontiersmen with whom he may occasionally associate. The one rich man in a community of poor men is scarcely at all under the dominance of social economic standards.

In current discussion it is usually assumed that the standard of economic success is a standard of consumption. To the

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writer this does not appear to be always or even generally true. "Conspicuous consumption" is a proof of economic success, and wherever it is the most telling proof, the standard of economic success is likely to be a standard of consumption. But wherever economic success is better displayed in some other way, as for example by increase in one's visible assets or productive equipment, the standard of consumption exercises little influence upon economic conduct. A standard of conspicuous possession or of productive power takes its place.

From the point of view of the theory of thrift, it is obviously important to know the conditions under which the one standard or the other prevails. In an environment in which the prevailing standard is one of consumption, what the individual can save is measured by the surplus of his income over the socially determined standard of expenditures. Where the standard of possessions prevails, what the individual may consume—above the minimum required for productive efficiency—is determined by the degree in which he has attained to the social standard of possessions.

A consideration of the nature of these standards will show that where additions to a man's possessions are patent to his associates, while his consumption is relatively a private matter, the standard of possessions will prevail. Where, on the other hand, the increase of a man's possessions is a private matter, known at best to few of his associates, the prevalent standard will be one of consumption.

When a community is in the stage in which a man ordinarily invests his savings in his own business, every increase in possessions makes itself known. Under such circumstances we should expect to find the standard of possessions dominating the social life. And this in fact we find to be the case. In a new agricultural district the individual may, without losing social esteem, live on the products that he can not sell, clothe himself in rags, and dwell in a shanty furnished with the products of his own clumsy workmanship. The center of interest does not lie in one's personal appointments; economic success is proved by the size of barns and granaries, by the number of cattle and draft animals and the make of farm machinery. Not only does

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society tolerate the neglect of consumption: it visits those who are nice in their tastes with the penalty of its disesteem. It is therefore not surprising that in rapidly developing agricultural districts we find on the typical farm a huge barn and a tiny, ramshackle house; fine draft horses and a lean, ill-groomed driving team; heavy farm wagons of the latest make and a rickety old buggy. Under the conditions, these things are in style.

The merchant and the manufacturer come under similar influences. In an environment of expanding businesses, the best proof of their economic success is the rapidity with which they add to their own stocks and equipment. Business men, however, are less likely to develop a class standard of social life, because their association with one another is less intimate and less exclusive.

When a community has attained to its full complement of capital goods it is natural that a change should take place in the importance assigned to consumption. Further acquisitions of productive goods—bank deposits, securities *etc.*—are relatively inconspicuous. Some more public way of displaying economic success is necessary. And so, in a farming district, large houses are built; good roadsters and driving gear are purchased; entertainment becomes an important element in life. Under like conditions the merchant or manufacturer builds a mansion, and his wife goes into society. And just as the standard of possessions imposes itself upon many who are not by nature disposed to accumulate wealth, so the new standard of consumption exacts conformity from those whose tastes or economic situations accord better with the earlier order. When most of the farmers of a neighborhood hold unencumbered and fully equipped farms and raise their standard of consumption accordingly, the tenants, who can ill afford to do so, begin to imitate them. When business men spend more on themselves and their families, their clerks follow suit.

What is true of the classes which originally were in an excellent position to accumulate is of course true of the classes that never have had the opportunity to invest in goods for use in their business—the urban day-laborers and the whole range of

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salaried employees and professional men. If these save at all and acquire possessions, the fact does not obtrude itself upon their associates. How a man dresses, where he lives, what degree of style he maintains—these are the obvious indices of economic success. Hence the standard of consumption predominates. Saving becomes all but impossible for those whose incomes are below the normal earnings of the class; those who receive only normal incomes find it difficult to save. For the natural spirit of emulation which here finds expression in consumption forces the standard as high as it will go: to the normal earnings of the class. The saving power of the class as a whole depends upon the number of incomes above the normal.

It is obvious that if a tendency appears toward equalization of incomes within the class, the saving power of the class is reduced. Even if the result of this tendency is to raise the normal income of the class, the effect upon saving is the same, for the standard of consumption soon rises so as to absorb the new income.

If the different income groups within the class tend to form social subclasses, the effect upon thrift is equally unfavorable. The better paid subclasses form standards of consumption of their own, which eventually absorb the surplus income that would otherwise have been available for saving.

Now, both of these tendencies appear to be in operation. Professor H. L. Moore has shown quite conclusively that in a wide range of industries there is at present a tendency toward equalization of wages.[1] And that social stratification is increasing among wage-earners hardly any one who has lived in an industrial city can have failed to observe.

But is it inevitable that the standard of consumption should have reference entirely to present consumption? Under some circumstances it is not. The man who works by the day must feel the need of some small reserve against sickness or failure to find employment. Payments to the benefit fund of his trade union or friendly society may become an integral part of the standard

[1] "The Variability of Wages," POLITICAL SCIENCE QUARTERLY, March, 1907, XXII, 61–73.

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of living which a man must maintain if he desires to retain the respect of his fellows. In the higher ranks of the propertyless classes, as among salaried employees and professional men, especially where social relations are of a permanent order, the necessity of making provision for the maintenance of the standard of consumption through a long period of superannuation may be keenly appreciated. For men in such a position there is little satisfaction in maintaining the established scale of expenditures, if there is a prospect that the same friends whom one desires to impress will at some future time be cognizant of one's economic decay. And so an endowment policy or a parcel of securities may become an integral part of the standard of living.

Viewing society as a whole and disregarding a narrow range of conditions which tend to emphasize the importance of future standards of consumption, we perceive that the standard of present consumption gains increasing power over economic conduct as society approaches the stage where it is practically fully equipped with capital goods according to the existing state of technique. As revolutions in technique take place a margin appears between social income and social expenditures, and this gives rise to new savings. There is accordingly a second reason for a certain periodicity in social thrift. So far as the laboring class is concerned, the possibility of saving on any large scale tends to disappear, not to return. In an industrial state where the high price of land has made the acquisition of landed property almost impossible for the man who starts without means, where the increasing size of the business unit reduces to a minimum the chance of the man of small means to create a business under his own control, there are also at work forces which cause expenses to approach very close to income. What wonder that the empty-handed laborer of to-day tends to remain a laborer, and that his hands remain empty.

V

The objective conditions of thrift, for those who start in life with no other resource than their labor, are, as we have seen, growing less favorable in the modern industrial state. The laborer no longer has access to the most attractive of invest-

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ments, and he is coming under the more complete dominance of standards of present consumption.

But may it not be that the instinct of thrift is growing stronger? And may not the spread of popular education inculcate ideals of thrift in many who by nature are little disposed to save? So far as the instinct to save is concerned, there is no reason for believing that under modern conditions it is growing stronger. Where periodical famines occur, the man who is incapable of accumulating a reserve runs the risk of elimination, and his kind is not likely to multiply upon the earth. Under modern conditions, however, there is no effective check upon the multiplication of the thriftless; indeed, those having highly developed instincts of thrift are far more likely to fail to contribute their proper quota to the population. And as for education, do we not find that it is the immigrant, who has enjoyed few educational advantages, rather than his son, who has received a fair degree of culture, who is apt to save? Of course other factors enter into the problem: the native-born children of foreign parents live under different standards of consumption. It is impossible to show that education as such is unfavorable to thrift, and equally impossible to show that it stimulates thrift.

It cannot be denied, however, that the conduct of individuals may be affected by the prevailing ideals as to saving and spending. Where parsimony is held in general contempt, many men will spend freely even though the prevailing standard of living does not require such action. Where the text "Many a mickle makes a muckle" is interpolated into the popular Scriptures, many persons will manage to outwit the prevailing standard of consumption and lay by some part of even an abnormally small income. It is therefore worth while to consider what influences determine the prevailing ideals in the matter.

So long as the landed aristocracy was politically and socially dominant, the ideals of that class exerted an influence upon the conduct not only of its members but also of those who were just beyond its limits. Liberality in expenditures was one of the ideals of the aristocracy, and we may be sure that many a tradesman—or at any rate many a tradesman's son—thought with shame of the parsimony to which he owed his prosperity, and

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endeavored to emulate his betters as soon as his accumulations placed him in a position to do so. When the middle class became sufficiently numerous and powerful to develop ideals of its own, thrift became a virtue not only in the eyes of the bourgeoisie, but also in the eyes of those who were on the borders of this class, above it and below it. Many members of the decaying aristocracy and many members of the rising working class have doubtless been induced to save through the precepts of the middle-class spokesmen, the political economists.

In the cases cited, what was originally nothing but the working principle of a particular social class became an ideal upon the emergence of the class into social autonomy and self-consciousness. To-day the working class is rising into an autonomous position. The workingman of to-day repudiates the term "the lower classes." His position is not the same as that of the property owner, but it is not in his opinion inferior. It follows that any line of conduct rising normally out of his position as a wage earner will be held in honor by him. It is pertinent, therefore, to inquire what attitude toward thrift the exigencies of his situation lead him to adopt.

The laborer must, as a rule, live from his daily earnings, and his fundamental demand upon society is that the daily earnings of every able-bodied and willing worker shall be sufficient to satisfy all reasonable desires. Accident, sickness and old age require provision; and it is most reasonable that he should desire to accumulate a reserve against these contingencies. But how shall the reserve be accumulated: by individual saving or by collective saving? Obviously the latter method makes the least demand upon the daily income of the laborer, it is therefore likely to become the prevalent one.

It is no part of the workingman's view of progress that each individual should become the owner of a capital whose earnings may supplement those of his labor. No such supplementary income should, in the laborer's view, be necessary; and the workman who endeavors to secure it for himself, instead of bending his efforts to the winning of better conditions for labor in general, is likely to be blamed for selfishness rather than praised for self-restraint. If his earnings are more than sufficient to meet

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his current expenses, he should lend a hand to those of his comrades upon whom misfortune has fallen. Light-handed spending in time of prosperity, mutual aid in time of distress—such appears to be the approved conduct of a permanent body of propertyless laborers. And if this is true, we may be quite certain that such practices will in the end be idealized, and that middle-class schemes of cultivating thrift among the working classes will meet with increasing resistance. Already it is easy to find bodies of intelligent workmen who express the greatest contempt for the fellow workman who is "salting down" a part of his earnings.

We have, then, little reason for expecting that the prevailing insecurity in the lot of the modern workman will ever be removed by the development of individual thrift. And under present conditions, the laborer is far from being assured of the generous assistance of his fellows in time of need. There is too little stability of social relations to admit of a development of spontaneous mutual aid comparable to that of the middle ages. And this is the chief reason for the rise of the friendly society, the trade union with benefit features, the industrial insurance company. It is also the explanation of the increasing demand for governmental workingmen's insurance.

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RADICAL DEMOCRACY IN FRANCE. III[1]

PRECOCIOUS INFANCY AND YOUTH

THE Legislative Assembly was moribund already when on September 19, 1792, with unseemly haste it notified those delegates to the Convention who were already in Paris that they were to meet the very next day. The country members had not yet reached the capital in any substantial number, and of the 749 elected members only 371 were present at the Tuileries on the afternoon of the 20th. This was of course a minority, and equally of course those who composed it were largely members of the city faction, strongly disposed to extreme radical measures. Yet as soon as the doors were closed and voting began, the unexpected occurred. Of those actually present only 253, about a third of the total membership, voted for the presiding officer, who was elected by 235 votes. This was Petion, the well-known martyr to his anti-royalist opinions. Six secretaries, Condorcet, Brissot, Rabaut-St.-Étienne, Vergniaud, Lasource and Camus, were chosen by a somewhat larger vote, and these were nearly all moderate men, opposed to Marat, Robespierre and the Paris radicals. The expiring Legislative hailed the Convention next day, on surrendering to it the hall of the riding school for its sessions, as possessing boundless powers to establish free popular government. Petion replied that the existing constitution was no longer an object of superstition and that the nation desired to place its rights on a broader, firmer basis. The Convention was to assure the destinies of a great people and of the world entire. Manuel mounted the platform to salute it as an assembly of philosophers, occupied in preparing happiness for the whole world.

It is hard to be just when considering the genius of any foreign people. We have seen how vague, irregular and confused

[1] See POLITICAL SCIENCE QUARTERLY, XVII, 631–649; XVIII, 238–255.

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were the ideas of the electoral assemblies; it is amazing to note such language in the first public session of the Convention. Its members considered themselves the final arbiters of their own duties, exactly as the members of the Constituent in 1789 had enlarged the interpretation of their mandates according to their ever-changing convictions. The Constituent and the Convention were both composed, not of English or Americans, but of Frenchmen, whose typical character ever remains utterly enigmatical to us. Yet the latter of the two assemblies had a solid, matter-of-fact reason for its conduct which the former had not. The battle of Valmy was fought and won by the French on September 20.

The circumstances of that skirmish were enough to intoxicate stronger heads than those of French philosophers. The braggart manifesto published to Europe by the Duke of Brunswick had infuriated France. But that inflexible representative of order, tradition and style in military affairs had apparently justified his self-confidence. France had been successfully invaded, Longwy and Verdun had fallen, Thionville was invested. According to the rules of war for invasion it seemed best to make a detour from the direct line to Paris by way of Chalons, and so Brunswick turned aside toward Valmy. There was stationed Kellermann's division of ragamuffins, tatterdemalions, breechesless plebeians. Of these there were 36,000 who stood in line against the 34,000 slow-moving, cautious Prussians, serried in array. The French general was nothing daunted by his manifest deficiencies in uniforms, equipments and paraphernalia. He was a prophet of the new dispensation, and his fire had infected his ranks with the new gospel of revolution. He had not merely dispelled all gloom over the late reverses, he had inspired his men to valor bordering on phrenzy. It was with the old "French fury," then as ever famous, that the rude defenders rushed on the invaders. There was but one clash, and that one clash, scarcely more than a single cannonade, was ample. The terrified Prussians broke and ran like sheep; their objective point was home and they could not be rallied until they crossed the border. Goethe expressed the whole matter in a pregnant sentence: he said that it was a new era when

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revolutionary France could defy Europe. Of this fact the Convention did not yet know certainly on September 20, but it already felt the assurance of victory, for rumor travels fast.

Besides this justification of the Convention we must recall Taine's protest against Carlyle, who, he said, judged both Voltaire and the Revolution unjustly because he understood neither French thought nor French behavior.

> Generosity and enthusiasm abounded in France as well as in England; acknowledge them under a form which is not English. These men were devoted to abstract truth as the Puritan to divine truth; they followed philosophy as the Puritan followed religion; they had for their aim universal salvation as the Puritan had individual salvation. They fought against evil in society as the Puritan fought it in the soul. They were generous as the Puritans were virtuous. They had, like them, a heroism, but sympathetic, sociable, ready to proselytize, which reformed Europe while that of the English only served England.[1]

The president of the Convention—was he the president of France, the new executive? The point was made with the suggestion that he be lodged in the Tuileries. But the idea smacked of royalty and one delegate in combating it spoke of organizing "the republic." Danton saw his opportunity and, denouncing the ideas of dictatorships and triumvirates as phantom nonsense, declared that the coming constitution must in proof thereof be submitted to the existing primaries. The Convention formally declared by vote that the constitution should be submitted to the primary assemblies of the people and that it should protect all rights of property and persons. If the first of these resolutions were to stand, royalty could be abolished only by popular vote. Arrangements were made for enforcing and administering those laws about which there was no question, and the session of the 21st was about to be closed when Collot d'Herbois with impassioned words declared that without extreme danger to the state there could be no delay in abolishing royalty.

The proposition was received with a sudden effervescence and tremendous applause. There was but one firm voice of opposi-

[1] Taine, History of English Literature, translated by H. van Laun, II, 604.

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tion, that of Quinette, who asserted that it was the duty of the Convention merely to frame a new constitution alternative to the old royalistic one and leave the people to choose. It was an ecclesiastic, the impassioned Grégoire, who rekindled the flames of republican enthusiasm. For three years his soul had been harrowed by the utter and terrible disintegration of society, consequent upon irreligious and religious fanaticism. A passionate apostle of religious liberty, he had noted the use to which the ultramontanes had put a king in stirring up religious strife. A constitutionalist and at heart a Jansenist, he saw that the democracy in religion set up by the civil constitution was ancillary to political democracy. He sprang therefore to the rostrum and with blasting scorn denounced royalty as a fraud, responsible for all the country's woes. Kings, he said, are in the realm of morals what monsters are in that of nature. He swept the house from its state of hesitancy, and before it adjourned the Convention "declared and decreed" the abolition of royalty.

The decision was at once sent everywhere by special envoys, empowered to make solemn publication of the formal act in every municipality. A subsidiary measure aiming to secure popular endorsement was lost; but in Paris at least the public enthusiasm was intense. What a bare majority, perhaps, of the Convention had decreed under a sudden impulse thus settled the destiny of France. Hurrah for equality! was the shout which filled the riding-school, and the street re-echoed it until Paris was in a wild revel of joy. The populace took for granted what the deputies did not, that abolition of royalty was equivalent to the establishment of a republic. To the cry of Hurrah for equality! they added Hurrah for the republic! In the style of the age, several officials both of neighboring departments and of a few of the Paris wards presented themselves at the bar of the Convention to exhibit their enthusiasm. On the evening of September 21 they repeated in the hall what without was all abroad, vows of loyalty to the republic. Thus encouraged, members of the executive committee first and other deputies later repeated the word. Still there was no formal action.

The fateful step was taken next morning, but even then it

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was not an open enthusiastic proclamation of the republic. It was a step of indirection, irregular and tentative: Billaud-Varenne moved to date hereafter from the day before, the 21st, as the first year of the French republic, instead of dating from the fall of the Bastille and as the fourth year of liberty. There was a short, dull discussion, and finally, after the 20th had been substituted for the 21st—a change for which no reason is given in the minutes—the motion was carried. The Convention felt itself to be acting under the force of necessity, and the same pressure weighed upon it when, on the 25th, it declared the republic to be one and indivisible. The phrase was neither bombastic nor defiant: it was chosen to calm the rumors of the street. The French republic was not to rehabilitate the hated notion of federation, but was to express the national unity as a mutilated royalty had utterly failed to do.

It would not be difficult to draw a parallel between the declaration of the republic by the French Convention and the declaration of independence by the American Congress, since both were the consequences of like processes, not of general national evolution but of purposive impulses given by a very few men. The culmination of this procedure was the same in both cases; the masses in every part of the land received the news coldly and with indifference. Even the Jacobin society was impassive: its minutes do not bear the new date until September 24th. Yet as time passed and men reflected, the news in both cases affected the people in the same way. Both the necessity and the possibilities of the action were understood, and the number of adherents grew greater just in proportion as the facts grew clearer. There was at first some demurring, but there were no protests; and finally there was a general acceptance, not merely of a thing that was done, but of an act that was expedient as well as necessary.

This final result was in a measure due to the national armies. By universal testimony the republican idea was enthusiastically acclaimed by officers and men in every army corps; the soldiers were no longer mercenaries but citizens; and their reflex influence in civil life was enormous if not decisive, for now France had no other hope for safety than in its sons. It was rather a

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novel idea to the men in line that they were to fight no longer in formal battles for a king, a royal standard and a tradition; that instead they were to struggle to the death for a cause. The missionary zeal for the cause was sufficient for some, but the plain soldiers translated the word into action—the defense of their homes, their women, their children, their nation and their republic. At Valmy they had sung the *Ça ira*, the song improvised to the famous refrain of Franklin during the dark days of the American cause; henceforth the military chant was both French and republican, the Marseillaise. Their crowning exploit had been a victory of patriots; their spirits rose as their blood coursed red in their veins with exultation at the thought of routed, disheartened and flying foes, at the vision of France purged of royal invaders.

It is claimed with great insistence that the Convention should be judged primarily from what it intended to do and not from what it actually did. Further it is claimed that what it intended to do is clearly set forth in the constitution of 1793. Neither of these claims will bear examination: there is no evidence that the Convention hoped to establish constitutional government at all. To have done so would have been an abdication of its power; for it was representative of a minority of French citizens, and probably the majority of that minority would not have adhered to the extreme principles exhibited in its charter. Then, too, when the chance, rare though it was, was offered to put those principles into execution, they were totally forgotten and something quite different was done. Party strife was so savage within the membership of the Convention that party tactics obscured all devotion to principle. For instance: the earliest acts declared that no law could be valid without reference to the people; yet royalty was abolished without a serious thought of such a procedure. The plea was urgency in the face of the enemy; it was that very urgency which had brought the usurping body into existence.

The truth is that at the outset every one knew that the country party outnumbered the city party. Therefore, instead of proceeding at once to constitutional revision, action was postponed for three weeks. It was on October 11, 1792, that a

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committee on the constitution was appointed, and that committee was composed of three Jacobins to six Girondins: Danton, Barère and Condorcet of the former party; Sieyès, Tom Paine, Brissot (replaced by Barbaroux), Petion, Vergniaud and Gensonné of the latter. It did not get to work until, a week later, on the 19th, it appealed formally to the nation for ideas. Neither the public nor the Convention showed any interest whatsoever; and Robespierre thought a slight modification of the existing constitution would do. Nevertheless the Jacobins began to consult their affiliated societies in the departments. At last Condorcet, who was neither quite Jacobin nor quite Girondin, was delegated to draw up a suggestion. There is no evidence that his committee either advised with him or debated the various provisions at all seriously. He indicated in his report that there had been some discussion, but it was not very extended. All of the committee except Danton signed his draft for the new charter.

Condorcet's outline was exactly what Robespierre proposed, a revision of the latest constitution. But it was a thorough revision. The only sovereign was the nation as represented by universal manhood suffrage. There was to be a single legislative chamber, with one deputy for every 50,000 souls. The executive was an executive council or ministry of seven members, each to preside in turn for a fortnight. All officials without exception were to be elected. The machinery of nomination was by popular vote, the ballots to be counted by the departmental authorities in order to determine the three highest favorites of the people as candidates for each office to be filled. From these three the primary assemblies were to select one for each place. The most important administrative provision was that for new municipalities. Each department was to be subdivided into large communes, so delimited that the capital town should not be distant more than two leagues and a half from the remotest dwelling of the commune; and each such commune was to be divided into municipal wards and primary assemblies, enough in number to furnish twelve aldermen and a mayor. Besides, each ward was to have a delegate in the general council of the commune. The former body was designed, it appears,

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for the care of local or cantonal affairs, the latter for that of communal matters. Each department had a council of eighteen members, from whom four were chosen as a directorate; with the council was associated a representative of the central government selected by it from among the departmental officials. As had been suggested, provision was made for the reference of all legislation to popular vote, and every citizen who commanded fifty votes could propose legislation through his primary assembly. The propagandist idea was endorsed, since the republic would annex any land whose people freely and under no compulsion expressed a desire for incorporation with France. The paper contains the minutest regulations to guarantee the freedom of the press and the exercise of civil liberty. Finally, the most remarkable and important provision is for the complete disestablishment of the church and entire religious liberty. "Every man is free in the exercise of his worship" was the terse section in the declaration of rights.

The Convention debated the provisions of this paper at intervals for some months. From beginning to end the debates were shallow and insincere. They are interesting, however, for two reasons: first, as an exhibition of party tactics whereby the two factions of Girondins and Jacobins revealed their respective policies and became enemies to the death, republican as they both were; second, as setting forth the various social and political theories of the hour, the fads of the theorists, the ideals of the pious, the hopes and plans of the more or less practical statesmen. The Jacobins were determined not to accept any Girondin constitution, whatever it might contain. They were surprised that the committee had been so prompt; marks of haste, they murmured, were numerous. How could a philosopher conceive a design to offset national representation by an executive council? Federation lurked in the plan of territorial divisions, which could be used to dismember Paris and destroy the unity of its action.

The military reverses of March, 1793, and the treason of Dumouriez afforded a pretext for procrastination. On resuming discussion the first subterfuge was a criticism on the extent of the suffrage, some supporting the idea of complete woman-

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hood suffrage, others limiting it to spinsters. This and the question of territorial subdivisions furnished an opportunity for delay and quibbling. On the resumption a second time of serious debate, the Jacobins criticized the omission from the declaration of rights of all reference to the Supreme Being. This was done, they supposed, to exasperate Robespierre, who was a convinced deist. More serious was the question of property, declared by Condorcet's document to consist in the fact that every man can dispose at his choice of his goods, his capital, his income and his labor. In his great oratorical effort of April 24, 1793, Robespierre declared that private property, like liberty, was solely dependent on the law and limited by the rights of others. The speech is so elaborate a program of socialism that it has been the charter of French socialistic agitation ever since. Nay further, the deputy from Arras actually attacked the project of Condorcet as too timid in the matter of propagandism, and he outdid even Cloots in asseverating the universal brotherhood of all men and declaring war on all despots wherever they ruled. The fact is there was no truth nor sincerity in the Jacobins, whose mouthpiece Robespierre made himself for his own purposes. The party as a whole was just as atheistic as the Girondins, and when they came to power they repudiated feminism, socialism and propagandism. This last was for Robespierre only a weapon against Danton, whose foreign policy was sane and conciliatory. There was no difference of opinion between the two parties except one: the Jacobins could not control the departments as the Girondins could, and the struggle between them was at bottom only a disgraceful duel of personal ambitions. The former went to those lengths as a matter of party tactics, solely to catch all the extremists of every shade as allies against Brissot and his friends. It is at first sight curious that initially both parties refused to provide for religious emancipation, but the reason is simple: taken together they were a minority of the nation and feared to yield so much liberty of worship to the Catholic clergy.

By their success in procrastination the Jacobins infuriated all France beyond the walls of Paris, and the military disasters to the republican armies further exhibited the incapacity of the

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Convention. After long incubation rebellion lifted its head in the most important centers of French life without the capital, and the revolutionary Paris commune exhibited its fierce contempt on June 2. Clearly nothing but a constitution and constitutional government would reunite the country. Again a committee was chosen to make one, and from it emerged, in the same dark and uncertain way as from the first, a paper which was, we know, written by the hand of Hérault de Seychelles, which was adopted by the Convention and is known as the Constitution of the Year Three. It is merely an abridgment of Condorcet's paper and was made in six days. It contained, first, the declaration of rights and the articles rejecting cantonal municipalities which had already been adopted May 29. Maintaining thus the existing conditions of territorial divisions, it rejected Condorcet's voting plan entirely, providing for the direct election only of deputies and municipal officers; other officials were to be chosen by the primary and electoral assemblies. The provision for one deputy to each 50,000 souls stood, but the legislature was to sit only one year. This body was to choose an executive council of twenty-four from a list of nominees selected by the electoral assemblies of the various departments, one name being sent in from each department. The paper rejects propagandism entirely and reiterates the policy of non-intervention which had been decreed on April 13, 1793. Finally, for the regulation of military, naval and certain fiscal affairs, the legislature was empowered to promulgate decrees which would be executed without reference to popular vote, as well as to enact laws which must be so referred. For instance, it could declare war and prosecute political suspects without control. It requires no great penetration to see that the mountain of radicalism had labored to bring forth a ridiculous mouse indeed. Hérault's constitution is not as democratic as that of Condorcet, nor does it really express a single one of the ideals so passionately proclaimed by the Jacobin skirmishers. But the party tactics of which it was the climax were masterly: the country had been convinced that the Girondins were theorists and that the democratic constitution which was at last adopted had been secured by the strenuous devotion of the Jacobins—practical, determined men.

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The debate on the constitution lasted not quite thirteen days, so precipitate was the haste of the Convention to appease the departments. There are only two incidents in the discussion which have more than passing interest. In the minds of the plain common people, liberty of worship was the crucial point. The Convention at first refused any formal guarantee of this right, and therein exhibited its real feeling. Its refusal was justified, as some declared, because henceforth no Frenchman could worship aught else than liberty and equality; as others felt, however, because meetings ostensibly for worship would be in reality assemblies of traitors. The boast of radical republicans, that the Convention was the only French representative body which seriously contemplated perfect religious liberty in the absolute divorce of church and state, has slight foundation in fact. Hérault's paper neglected to mention religious liberty. His article on the rights of Frenchmen was first amended to read: "The constitution guarantees to all the French free instruction, public assistance [for the needy], the right of petition, the right of meeting in popular assembly, the enjoyment of all the rights of man." Was liberty of worship one of these? Certainly, some would have said. In fact the Convention knew only the right to worship its own false gods as a right of man, so long as the man was French and under its control. Not daring, however, to maintain this position, on the second reading it inserted the right of religious liberty as one of the enumerated rights. The other characteristic incident is this. When article 121 was read, affirming that the French people "makes no peace with an enemy which occupies its territory," Mercier said: "Have you then made a treaty with victory?" Basire retorted: "No, but we have with death." There was thunderous applause. The clear instinct of the Convention was thus revealed. It already contemplated the Reign of Reason, and it was determined to be the saviour of France, should death and chaos be the only alternative. The work was completed on June 24, 1793.

It is needless to say that this precious paper remains what it was when enacted, a curious and empty record of political chicanery. Its apologists have discovered why it was valueless:

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it provided no representative of the central power in the legislature, and so would have been anarchic even in times of peace, much more in the throes of approaching civil and existing foreign warfare through which the nation was passing and to pass. This they admit was intentional; but they claim that the paper nevertheless has genuine value as a democratic program for the future, intended to satisfy the departments and bring them into line for the existing crisis of national defence.

In any case the country seemed appeased: the departments had their referendum; they were guaranteed against the dictatorship of Robespierre or of Danton by an executive committee of twenty-four; liberty of worship was written in the charter. Submitted to the voters, the constitution was adopted by a vote of eighteen hundred thousand to eleven thousand. The returns never were completed nor counted; it is certain that the submerged and hidden millions did not vote; but it is probable that the minority which was now held to constitute the nation was virtually unanimous in accepting the paper. It was proclaimed on August 10, 1793.

The Convention had completed its ostensible task, and it should have dispersed in order to permit a legitimate government to take up the task of reigning and ruling, of organizing and administering, of legislating and negotiating. It had no such intention, and there were pretexts in plenty to procrastinate until the time was ripe for the usurpation of power. Valenciennes had fallen; could untried men be trusted in such a crisis? Calumny was rife against the Convention; it surely had a right to sit until its calumniators were answered. What a pretext! but it was eagerly accepted. Finally, the Convention could not disband without enacting a civil code, an educational code and a constitutional code. These circumstances were all discovered within two days. That gave time for delegations and committees to come up from the provinces and get their cue. On their return home Jacobin enthusiasm burst forth again with suspicious ubiquity; and on August 28 the veil of pretext was lifted. The Convention instructed the Committee of Public Safety to report on the state of the nation, and on October 10, 1793, it declared the provisional government of France to be

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"revolutionary" until the end of the war. The departments were early alert to the fact that they had been gulled: the Girondin cities waxed furious and the Lyons insurrection had already inaugurated civil war.

Where then is the claim that the Convention should be judged from its intentions? Such insinuating petitions are always suspicious at the bar of history. This one has no slightest respectability. The Convention is more likely to be respected for what it did than for what it pretended to desire. To weigh the facts judicially and candidly, we must therefore retrace our steps and note the successive problems presented to it and the method it chose for their solution.

When it entered upon the scene three shams had successively been exposed and shattered; a sham ecclesiasticism, a sham military establishment and a sham monarchy. The exposure of ecclesiasticism did not teach the men of the Convention any lessons of sense or wisdom. So ingrained and universal was the conception of oneness as the only possible relation of church and state, that, regarding patriotism as the only possible religion, they were fiercely determined to interpret the complete religious liberty they proposed to grant as liberty to substitute an ideal of country for an ideal of God. The persecution of ultramontane Roman Catholics raged with fury, and it was only for a time that either supporters of the civil constitution of the clergy or Protestants were tolerated in any form. There does not seem to be the slightest palliation of the policy regarding church and religion which the Convention followed until compelled by circumstances to abandon it. In this it was reprobate to the core. It cannot be pleaded, even that the horrors of ultramontanism were mitigated; on the contrary the bitterness and spite of its adherents were intensified.

The sorry state of the French army the Convention remedied with masterly directness: not instantly, as Lafayette's fate might suggest, but after terrible reverses, by measures cogitated under defeat, formed in hours of discouragement and tested by noble persistency.

The total army of invasion was about 81,000 strong, including 4500 emigrant French. These last, including Bouillé, rep-

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resented France as eager to have order restored from without; the emigrant general predicted the easy fall of all fortresses, for he had their keys in his own pocket; the march on Paris would be a pleasure excursion. Brunswick seems to have been utterly disenchanted when he found that town, country and military all were united in resistance and that he was embarked on a war of conquest. As has been related, Longwy and Verdun both fell an easy prey, but not without a show of resistance, and the commandant of the latter fortress attested his consciousness of dishonor by committing suicide. When it was known in Paris on September 2, 1793, that Verdun must fall, it was felt that the machinations of the court advisers revealed in the seizure of the king's papers had succeeded, and that Paris was doomed unless purged from all traitors. The conspiracy, it was now felt, had been first revealed when the garrison of the Tuileries, after making a show of kindly feelings for the commune, had received its advance with bullets instead of embraces.

Danton had used great diligence and skill to secure the neutrality of both Great Britain and Prussia. An English alliance was the pivot of his policy, and Talleyrand worked faithfully to secure it. To Prussia, Denmark and Sweden similar proposals were made, and it was even hoped that the Empire might be kept neutral for a time. In case of civil anarchy Danton could have nothing to offer, and he saw no other means of repressing intestine disorders than to maintain a united front for defensive war at any cost, however horrible the form and method of reprisal on rebellious Frenchmen. The Legislative Assembly decreed a court martial, and the commune placarded the Paris streets with threats of vengeance. By domiciliary visits great numbers of suspects were arrested, and, the jails being gorged, the court martial began its work. But it was too lenient for the radicals, condemning to death only 20 of the 64 summoned to its bar. When Longwy fell the commune began to show impatience, and the provisional executive council wished to withdraw to Blois, taking both the king and his treasure with them. They feared the dictatorship of the commune. Not so Danton, who preferred even this, with the appearance of union, to evident panic. It was he who instigated domiciliary inquisition by

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the commune. The feeble Assembly endured this disgrace until the 29th, when it deposed the commune. On the 31st the latter feigned surrender and appeared before the Assembly to plead its cause. On September 2 the new elections were ordered, but under the influence of the news from Verdun and in reality to reënforce the commune. Simultaneously the culprit radicals summoned Paris to arms. Marat printed the call for blood and demanded the execution of all the prisoners. The commune received him with open arms and gave him a place on its vigilance committee. Thus emboldened, the wild journalist issued orders of arrest for Roland, Brissot and thirty suspected deputies.

Thereupon the same madness seized the crowds as had overpowered them three weeks earlier. Danton rushed to the city hall and saved Roland; but he could not do more, whatever his intention may have been; already fury was abroad. "The country is in danger" was written in large letters on the city hall, and the common cry was: Our worst enemies are not at Verdun but here in the jails. It was from the radical ward of Poissonière, far eastward, that before midday the order to kill all prisoners went forth; others quickly followed the example. The butchery began at two; it was simply slaughter at the Carmes, but at the Abbaye and the Force mock tribunals were formed and sat in ghastly derision of justice to condemn the innocent who were led before them. The orgy lasted four days, and the vigilance committee of the commune hired relays of assassins to keep the shambles in continuous operation. Shocked by its own crimes, the commune appointed committees to check the carnage; frightened and half-hearted, they had no success whatever, except that at the Temple they saved the king from present execution for his even more dreadful coming fate. The provisional executive committee of the Legislative Assembly did not pay the slightest attention to the welter of murder all about, but sat discussing military measures. The Assembly itself denounced the murders in vigorous language, but did nothing. Roland spoke at first of the "righteous indignation of the people"; but, horrified by the growing excesses, on the 4th he ordered Santerre, the commander of the

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national guard, to assemble his forces and protect both persons and property. The officer, whether truthfully or not, declared that he had already given special orders to the same effect but that not a man would obey.

No favor to the accomplices of Brunswick—this appears to have been the thought which kept the decent folk of Paris in sullen apathy. By the sixth about a thousand persons had perished and blood ceased to flow. Marat's many efforts to rouse the provincial capitals to like outrages failed, except in Versailles, where about fifty persons were foully murdered. This was the earliest carnival of blood, a savage outrage which Danton and all his followers sooner or later denounced and disavowed. But it was he who accepted the dictatorship of the commune; it was the commune which ordered the committee of vigilance; and it was this foul monster which gave Marat the free course he enjoyed. No one was ever punished for these crimes, and familiarity with them led to a thousand others only less reprehensible. It remained for the Jacobin club, when red rage was the fashion of the hour, to see in August 10 a day of deliverance and in these September days the confirmation of that Revolution in which the new republic was born, and thus to glory in both these abominable revels of crime.

Of all the bloody stains left by the Revolution, this one sank deepest into the texture of European society, and while time lasts the spot will never out. We may imagine how the news affected the world beyond the frontiers. Under its influence Brunswick renewed on the 5th his march for Paris, not altogether for conquest now, but with an added humanitarian purpose—to avenge the slaughtered innocents. The sense of outrage, disgust and hot disdain throughout Europe was only heightened by his defeat at Valmy. Dumouriez had sanctioned the events of August 10, and was the French general-in-chief. Noting his adversary's intention to gain Chalons by way of the pass of Islettes, he determined that Dillon with the army of Sedan and Kellermann with that of Metz should ward off the Prussians, while he with the army of Valenciennes should make a feint against the Austrian Netherlands, now ripe for revolution, in order to draw off the emperor's troops for the defense

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of his dominions in the Low Countries. But Paris saw itself uncovered by this strategic plan, and the minister of war ordered a concentration on the hill passes between Lorraine and Champagne, including of course the Islettes. Brunswick was quick to seize the situation and began a flank movement, before which Dumouriez skilfully retreated, and thus, in spite of the defeat of a division numbering 10,000, the latter succeeded in securing a position on his enemy's rear. Thereby he severed the Prussian line of communication with the base of supplies. On September 19 Beurnonville and Kellermann reached Dumouriez, and on the 20th Brunswick turned to fight. In the one brief cannonade at Valmy he was completely routed, as has been noted in another connection.

These then were the circumstances in which the Convention found itself when assembled to deal with the derelict of a sham monarchy and to create in its stead a republican form of government. We have seen what it proposed to do and how it expressed its ideals. Let us examine its conduct up to this point, and, in order to keep the connection, let us recapitulate briefly. It had organized on September 20, 1792, in the Tuileries, amid the desolations, scarcely repaired, of August 10, and had chosen Petion for president, with Condorcet, Brissot, Lasource, Vergniaud, Camus and Rabaud for secretaries. Outwardly, at least, the Girondins were still in the ascendant. Next day the delegates moved to the riding-school, now vacated by the Legislative, and there they continued to sit until May 10, 1793, when the convention returned to the Tuileries, to meet there regularly until its dispersal. On September 21 it passed a number of resolutions intended to reassure the country as to a constitution and to guarantee the safety of persons and property. Possibly it might have adjourned for the day without further action, so calm apparently was its temper, had not the fiery Collot d'Herbois, expressing the general thought, suddenly called for a definite resolution abolishing royalty, according to the formulated demand of the electoral assembly of Paris over which he had presided. It was unanimously declared that "royalty" was abolished in France. The word "republic" was not uttered in this meeting; but that afternoon the crowd on the streets, hear-

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ing what the Convention had done, shouted "Hurrah for the republic!" and in the evening session the representatives of two Paris wards appeared to swear allegiance to the republic. It was only next day that the rather sneaking resolution was taken to adopt and complete the idea of a new calendar, which had so recently been sprung on the defunct Legislative, by dating the official acts of the Convention from the first year of the republic. This was an act of resignation, and it mirrored the temper of the nation, which likewise gradually resigned itself to the word and was only fired to enthusiasm for the thing itself by the military victories won under the banner of the republic.

Parallel to the constitutional struggles we have outlined, there began at once the embittered party strife which determined the actions of the Convention. Danton was discredited: in part by his surrender to the Paris commune and its dreadful consequences, in part by his noble efforts to concentrate in one party all the efficiency of France, in part by the suspicion that with Robespierre and Marat he contemplated a triumvirate dictatorship. On September 29 the Convention declared that its members could no longer be ministers, and then replaced Danton by Garat on the executive council. Assigned then to the committee on the constitution, the discredited minister soon left for Belgium to pursue his foreign policy from a point of vantage. In this way the Girondins secured complete control of the executive council, and the brief reign of Mme. Roland began. Her influence over that body by means of her husband was absolute, and by her friends Buzot and Barbaroux she swayed the Convention as well as the council. She detested Danton and completed the rupture between the factions. Condorcet and Vergniaud alone saw the danger of a divided front in the face of an irreconcilable foe, but, while both repelled the fascinations of a noble but headstrong mind, they were themselves as idealistic and impracticable as she was. The ruling party exaggerated greatly the prestige it had gained by the declaration of war and the retreat of the Prussians after Valmy. Its first effort was to secure an ally in the Paris commune. The revolutionary commune was accordingly replaced by means of new elections. When it assembled on December 2, 1792, the

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Girondins found to their dismay that the new body was more radical than the old. Robespierre carefully balanced his chances and drew upon himself the fierce invective of his enemies, but they could neither prove their charges nor answer his smooth dialectic. He could afford to wait.

Much credit is claimed for the Convention because of its deliberation in bringing the sometime king to trial: by its defenders its cautious and painstaking procedure in the preparation of an indictment is considered a proof of its judicial temper. This contention is worthless. We have shown the agonies of doubt and suspicion into which it was thrown at the very outset. The peasant farmers were alert to its uncertain position regarding property in land, the pious ultramontanes were exasperated by its well-known attitude in religion, the political theorists were uneasy about its probable assumption of sovereign power, and personal rancors were so rife that every member suspected his fellows in turn. But above all, the parties were manœuvering for position and fencing for time. Neither assumed the responsibility for proclaiming a republic, each desired that the other should dispose of the troublesome problem propounded by the prisoners in the Temple, on the solution of which hung the vital questions of foreign policy. The clubs, the wards and the commune of Paris were all clamorous for haste, but they had nothing at stake; the Convention leaders did not yield to their attempted compulsion. The first official step was the appointment of a committee to report on the papers found in the Tuileries. Its conclusions were not presented until November 6. A lively debate ensued as to whether the person of the king were not really inviolable under the constitution of 1791. The affirmative found a few able supporters. On the other hand, St. Just and Robespierre declared that Louis XVI was neither a king nor a citizen, but an enemy to be destroyed without the form of trial. It was at this instant that the famous iron cupboard or safe was opened and its contents examined. Those papers showed conclusively what had so far been unknown: that the king had been throughout a hater of reform, a double-faced hypocrite in both politics and religion, and, what France considered his most heinous crime, a fomenter of foreign plots.

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The outburst of public fury was irresistible, and the Convention declared itself to be a court and Louis to be a criminal. It promptly ordered the preparation of an indictment by a committee. The formal impeachment was read by Robert Lindet on December 10. Next day, December 11, 1792, the indictment was read by Barbaroux. This last consisted of thirty-three questions to be answered by Louis Capet "in explanation of his attitude to 'the Revolution.'"

What could a hopeless, helpless prisoner do? The commune was his jailer: the Convention was a safer tribunal than the Paris proletarians. He acknowledged the competency of the court and appeared that very day to plead. The plea left a most unfavorable impression on his judges, for it was a general denial of the implicit charges. To some questions he replied with a categorical negative, to others with a plea of forgetfulness; the incriminating papers he had never seen; and for his general defense he pleaded the provisions of the constitution. To his request for Tronchet, Malesherbes and de Sèze as counsel, the Convention gave a hearty assent and allowed ten days for preparation. Technically the king's course was absolutely correct, and in the assurance of that fact he preserved a demeanor which was dignified and regal. But yet he received no pity and no consideration, as he called for none. If he were assured of his entire and perfect innocence at the bar of his own conscience, his assurance must have been deduced from the impressions of a casuistry which beclouds the truth. History could have respected him had he abdicated long before, or had he now renounced the Revolution and denounced its supporters. No man ever had a finer array of jurists for his counsel; but either their judgment was faulty or their case was desperate, for their spokesman de Sèze, in his splendid argument of December 26, confined himself entirely to a plea for the inviolability of the king's person. It was a confession of "guilty" to the substance of the indictment.

There ensued several days of general discussion as to whether the sentence when pronounced should be referred to popular vote, as the Girondin leaders desired, in order to evade responsibility. The decision, however, was negative. On Janu-

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ary 15, 1793, the vote on the guilt of Louis was taken. With almost no dissent the Convention declared that he had conspired against the public liberty and had threatened the safety of the state. By 424 negative and 283 affirmative votes it rejected the idea of a popular appeal. To the question of what should be the penalty, 387 votes pronounced for death without reserve, and 334 for imprisonment or death conditionally. This was January 17, 1793. The prisoner, with Stoic firmness but with despair in his soul, found strength to appeal from the Convention to the nation. In vain. The Girondins pleaded for suspension of action lest all Europe should by a precipitate defiance be aroused to inveterate hostility. To no effect. The Girondin leaders mustered 310 supporters but there were 380 opposing voices. On January 21 Louis Capet was guillotined. If he really were a traitor, the usage of the times might condone the act. Our days have almost erased treason from the list of crimes; where courts yet take cognizance thereof, their sentences are pretexts for the exercise of executive mercy; but neither pity nor mercy were the salient features of life at the close of the eighteenth century. Royalists thought the Convention mad and its procedure murder. The foremost men of the nation which led the van of progress were sure of their ground and sure that their sentence was just: they differed only as to the expediency of its execution.

For the searcher after values in conduct it is a very helpful fact to note that, during the trial of the king, the gulf between Girondins and Jacobins was widened from hour to hour by their childish efforts to evade responsibility, while all the time they were hurling at each other the name of royalist as an insult. They were hard pushed because, with the exception of Rabaud and Condorcet, who were opposed on principle to capital punishment, all Girondins of note wanted Louis executed sooner or later. Their effort to reconstruct the commune had all the air of a plan to purge the Convention of the Paris radicals, and they voted to refer the sentence of death in order to counteract the effect of their failure, probably not from a merciful impulse at all. Buzot moved to banish the Jacobin Égalité, suspected of being a monarchist; the Mountain retorted by

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factious and noisy denunciation of a sympathetic circular sent to Louis on the eve of August 10 and alleged to have been found among his papers. It had been signed by Gensonné, Vergniaud and Guadet. Only once throughout those solemn days were the deputies really harmonious; that was when, without any protest, they denounced as worthy of death any man who should attack the sovereignty of the people. That would be criminal. Neither party could endure the suspicion of royalism, neither could as yet quite face the responsibility for arraying the civilized world against France by the assassination of one still considered throughout Europe as an inviolable, divine-right king. They emerged from what, in view of their conduct, must be pronounced a procedure violating the public conscience, both alike besmirched with their own desperate insincerity and both for that very reason embittered one against the other as never before.

W. M. SLOANE.

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FORMOSA: JAPAN'S FIRST COLONY

THE island of Taiwan or Formosa lies to the east of South China, opposite Fuken. Its area is about 15,000 square miles: one-third of that of Cuba. The population in 1904 was 3,079,692, consisting of 2,915,894 natives, 104,334 aborigines, 53,365 Japanese and 6009 foreigners, including Chinese.[1] The island is said to have been first discovered in the beginning of the seventh century, during the period of the Sui dynasty in China. The Chinese rulers did not, for many generations, trouble themselves to bring the Formosan natives under direct control, but left the island under the dominion of head-hunting savages of Malay origin and open to refugees from China. Political outlaws from Japan also found shelter in the island; and Japanese pirates used it as a temporary base of operations. Of Europeans, the first to discover the island were the Portuguese, who named it *Ilha Formosa*, or beautiful isle.[2] In the early part of the seventeenth century the Dutch and the Spanish occupied Formosa. Later the Dutch expelled the Spaniards, but they in turn were driven out, in 1661, by a Chinese general, Chen Kung, who refused allegiance to the New Manchu dynasty and established a native kingdom. After twenty-three years of independence Chen Kung surrendered the island to the Manchu government, by which it was ruled from that time until 1895. By the treaty of Shimonoseki, in that year, Formosa was ceded to Japan.

In undertaking the administration of Formosa Japan was embarrassed, at the outset, by the stubborn resistance of the natives and by her own inexperience in colonial government. On the other hand she had, as an oriental state, the advantage of a sympathetic comprehension of the ideas and institutions of her new subjects; she was near enough, geographically, to develop

[1] The Progress of Taiwan for Ten Years: 1895–1904. Published by the Formosan government.

[2] Davidson, The Island of Formosa, p. 10.

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rapidly her commercial relations with her new dependency and to transplant to it without much delay her own economic institutions and methods; and she had the good fortune to discover among her own officials men of unusual foresight and of great administrative ability. In Baron Kodama and Dr. (now Baron) Goto, Japan has produced colonial administrators worthy to be placed in the same class with Lord Cromer and Cecil Rhodes.

Where the racial affiliations and local conditions of a dependency differ materially from those prevailing in the governing state, the laws and the administrative system of the latter cannot, as a rule, be introduced without modification into the dependent territory. Special legislation and discretionary administration are needed, in order that the government may adapt itself to the political, economic and moral conditions of the natives. As the "insular cases" deny the wholesale extension of the constitutional and statutory law of the United States to the Philippine Islands and to Porto Rico, so in the Kono case (in which the plaintiff, dismissed from his position in a Formosan court, claimed in vain the constitutional remedy) it appears that the constitutional law of Japan does not extend in all respects to Formosa. If the Japanese constitution is silent in regard to colonial government, such government must belong to the discretionary power of the crown. A law which in Japan proper requires the consent of the Diet may therefore be established in Formosa by imperial ordinance; and by delegation of imperial authority local legislative organs may be established.[1]

The government of the governor-general of Formosa (*Taiwan-sotoku-fu*) is under the direct control of the imperial government. The governor-general (*sotoku*) was originally, as in the English, the French and the German systems, controlled by the ministry of colonial affairs, which was established by imperial ordinance 87 of 1896, when the office of the governor-general was first created. In the following year, this ministry was abolished and the control of colonial affairs was taken over by the prime minister. Subsequently this control was intrusted to the minister of the

[1] Ariga, Kokuhogaku, I, 553.

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interior, by whom it is exercised at the present time. Subject to this control, the governor-general has supreme executive authority, with general political and military power within his jurisdiction.[1] Under the governor-general are the department of civil administration (*minsei-bu*), the military staff and the naval corps. The governor of civil administration (*minsei-chokan*) has control of administrative affairs and supervision over judicial affairs. In this department there are two sections, that of police and that of the judiciary, and a number of bureaus, namely, general affairs, finance, communication, commerce and industry, public works, railways, monopolies, customs and surveys. The governor of civil administration acts as chief of the bureaus of railways and of monopolies. The bureau of general affairs (*somu-kyoku*) is in charge of the chief counselor or legal adviser to the Formosan government, and is divided into four offices, dealing respectively with domestic affairs, foreign affairs, legislation and education.

In the first system of local government established by Japan, the island was divided into four prefectures, with three outlying districts. This system was amended by imperial ordinance 202 of 1901. According to the present system, the island is divided into twenty local administrative districts (*chō*), each of which is in charge of a *chō-cho*, who is assisted by a corps of clerks, police inspectors, experts and interpreters.

As for colonial legislation, the ordinances of the governor-general which are duly approved by the council (*hyogikai*) of Formosa, and which obtain the sanction of the emperor through the prime minister, are effective as law and are called the *ritsurai*.[2] Whether the laws of Japan shall be extended to Formosa or not is decided by imperial ordinance.[3] Besides legislative matters, the council deliberates upon the budget of Formosa, and upon schemes of public works and petitions of general importance. The council consists of the governor of

[1] For the organization of the central government of Formosa, see imperial ordinance 362 of 1897 and imp. ord. 201 of 1901.

[2] Law 63 of 1896; imp. ord. 89 of 1896; and imp. ord. 207 of 1901.

[3] Law 31 of 1906.

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civil administration, the heads of military departments, the chiefs of all bureaus, the chief justice and the public prosecutor-general of the court of appeals, two counselors or legal advisers and three members of bureaus. The governor-general presides over the council. Bills are submitted only by him; he can amend or withdraw a bill at any time; and in case he cannot agree with the decision of the council, he may ask that the matter be reconsidered. In executing the laws and in conducting his official business, the governor-general can issue his own administrative decrees, violations of which may be punished with imprisonment up to twenty-five days or fine up to twenty-five *yen*.

The judiciary of Formosa is like that of the French and German colonial systems, but unlike the English, not being absolutely independent of the administration. The governor-general has full power to establish and to abolish courts, and he may suspend judges from active service; while the actual administration of the law is under the supervision of the governor of civil administration. In Formosa there are three district courts (*chiho-hoin*) and a court of appeals (*fukushin-hoin*).[1] The court of appeals must be held at the seat of the office of the governor-general. It has a civil and a criminal division, each consisting of a bench of three judges. It not only tries cases on appeal, but decides questions regarding the competence of the district courts. Original jurisdiction in civil and criminal cases, as well as the preliminary examination in criminal cases, belongs to the district courts. In each of the local courts there is, as in the French colonies, only one magistrate. The Japanese civil and criminal law is applied to the Japanese in Formosa, except in questions relating to real property. To the Chinese and to the natives justice is administered with due regard to their usages or customary law.

In colonial administration, financial problems are of the highest importance, and in many instances their solution is very difficult. The selfish exploitation of the natural wealth of the colony exclusively in the interest of the dominant state would

[1] Ritsurai 16 of 1898.

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not only exhaust the resources of the colony but would arouse the antagonism of the natives and excite the jealousy of rival powers. Sound colonial policy requires primarily the promotion of the welfare of the natives, whose prosperity indirectly contributes to the political and economic interests of the dominant state, and also the admission of foreigners to participate in commerce and industry, so far as this does not injure the interests of either the dominant state or the colony. The governing state may even be required liberally to subsidize the dependency for the improvement of its economic and social conditions. That the colony should be self-supporting at the outset seems to be next to impossible.

During the first year of the Japanese occupation of Formosa, 1895, nearly twenty-nine million *yen* were drawn from the imperial treasury, chiefly to meet the cost of subjugating the insurgents. In 1896 6,940,000 *yen* and in 1897 5,959,000 *yen* were spent by the imperial government, chiefly for public works, sanitary and educational improvements and the promotion of commerce and industry. In these first years the government of Formosa encountered many obstacles. Its plans could not be carried out as effectively as was expected. Within three years three governors-general and four civil governors were successively appointed, and the Japanese became greatly discouraged by recurrent demands for heavy subsidies. Pessimistic views regarding the outcome of Japan's first colonial venture were widely entertained when, in February, 1898, Baron Kodama was appointed governor-general, and, at his request, Dr. (now Baron) Goto was associated with him as civil governor. After a thorough investigation these gentlemen reached rather optimistic conclusions regarding the possible development of the colony; and in December they introduced into the Imperial Diet a bill which is familiarly known as the "twenty years' program of colonial finance."[1] According to this celebrated program the colonial government was to be authorized to raise a public loan of 35,000,000 *yen*, payable in twenty years. The proceeds

[1] Regarding this program, see Dr. Goto's article in *The Independent*, July 3, 1902. See also Stead, Japan by the Japanese.

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were to be devoted to the construction of a trunk line of railway from the northern end of the island to the southern, with branch lines to the principal towns; to the improvement of seaports and harbors; to the establishment of a system of land registration; and to the erection of government buildings. In addition to a monopoly of the opium trade, which had been established previously, in April, 1897, provision was made for converting the camphor and salt industries into government monopolies. An annual subsidy of several million *yen* was to be paid out of the imperial treasury, but this subsidy was to be reduced year by year and was to be extinguished in 1910. Through the strenuous efforts of the new governors, the bill was approved by the Diet.

The success of the program has been remarkable. In the first year of civil administration, 1896, the total revenue of Formosa was 9,652,000 *yen*, of which 6,940,000 *yen* was received from the imperial government. After ten years, in 1906, the total revenue had increased to 25,364,000 *yen*. Its chief sources are internal taxes on land, tea and sugar; customs duties; tonnage duties; profits of monopolies and receipts from other public undertakings; stamp duties; licenses and fees; and miscellaneous charges. The colony no longer receives a subsidy from the empire, and it has established its fiscal independence four years before the expiration of the estimated period. The government monopolies have so prospered that their profits now produce more than half of the total revenue of the colonial government. It should not be overlooked that, since April, 1905, the tobacco monopoly has become a new source of revenue for the government of Formosa. As to the customs duties, Japan has not enacted any special tariff for the colony, but has extended to it the national tariff system, in which the liberal rates of the conventional tariff are for the most part applicable.[1]

As to local finance, by the reform measures of Governor-

[1] By proclamation of the governor-general issued on February 22, 1896, "the treaties of commerce and navigation, tariff regulation, and other arrangements existing between Japan and various treaty powers" apply to Formosa. The conventional tariff runs from five to fifteen per cent *ad valorem*. See Hishida, The International Position of Japan as a Great Power, pp. 147, 148.

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General Kodama the district governors were authorized in 1898 to impose additional percentages on the land tax, the house tax, the business tax and other miscellaneous taxes. In 1904 the total revenue from these sources amounted to 4,636,000 *yen* in twenty districts.

The coinage and the banking system of civilized countries cannot immediately be extended to those backward colonies where the natives are accustomed to their established medium and do not appreciate the use of credit. As the Mexican dollar or a silver coin of like size is the ordinary medium of exchange in China, Hongkong, French Indo-China and the Philippine Islands, it was naturally in general use in Formosa, especially in connection with the local silver, the so-called "Tansui tael." With the Japanese occupation, the silver coins of the empire and the bank notes of the Bank of Japan (*Nippon-ginko*) were introduced. Japanese silver was welcomed by the natives, but the notes did not circulate except at a discount, which at one time rose to twenty per cent. When the gold standard was adopted in the empire, in October, 1897, much confusion was anticipated in Formosa with its silver medium. The imperial government wished to extend the new coinage to Formosa at once; but after careful consideration of the economic conditions of the island and of its extensive trade relations with the Chinese mainland, the government of Formosa, by the law of 1898, adopted the one-*yen* silver coin as the standard, at a ratio to gold which was to be fixed from time to time by the governor-general. In this matter the insular government followed the practice adopted in Indo-China, British India, Ceylon and Siam, where the ratio between the local currency and the gold coinages of Europe is officially determined.

Meanwhile, by a special law of 1899, the Bank of Formosa (*Taiwan-ginko*) was established as the central bank of the island. Besides conducting ordinary banking business, this bank enjoys the privilege of issuing bank notes convertible into one-*yen* silver coin and takes charge of the money of the colonial treasury. For this reason it is largely under the control of the government. It has branches in the principal towns of Formosa and also in China and in Japan. Bank notes, previously not ap-

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preciated by the natives, now began to win their confidence. The maintenance of the silver standard, however, has not been free from disadvantages. The constant fluctuation of the gold price of silver and the enormous increase of the colonial trade with Japan and with other gold-standard countries have made silver currency in Formosa very unstable and have rendered its use in trade highly speculative. When, during the late war, Japan found an opportunity to use Formosan silver in Manchuria, a proclamation was issued by the governor-general, in June, 1904, stating that only notes convertible into gold coin would be issued on and after July 1 by the Bank of Formosa.[1]

In the administration of colonies in the tropical zone sanitation demands the most serious attention. Economic and social progress in a tropical colony can be expected only where proper sanitary precautions are taken. Plague and famine not only discourage improvement and investment, but often destroy the good that has been accomplished. Under the Chinese régime, sanitation in Formosa was altogether neglected and the island was generally regarded as a place unsafe for the abode of civilized people. Even Taihoku, the capital of the island, was in a chronic state of filth, and swarmed with flies and mosquitoes. Malaria, black fevers and smallpox were common diseases among the natives. In the first year of the Japanese occupation, the death rate of the Japanese was so high that it discouraged immigration. As soon as peace and order had been established, the government of Formosa introduced rigid sanitary measures. In Taihoku open sewerage, like that of Singapore, was adopted. The cost of some ten miles of drains, including road improvements and street paving, was 350,000 *yen*. In the same city drinkable water was supplied to the public by means of numerous artesian wells. Waterworks in Tamsui and Kelang were also constructed by the government at a cost of 600,000 *yen*. Besides twenty private hospitals, eleven public hospitals were erected by the government in the principal cities, for which half-a-million *yen* was expended. In the government hospitals

[1] By Law 3 of 1906 the gold standard has been definitely established in the island. See *Kwanpo* (the Japanese official gazette), February 1, 1906.

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free treatment was given to the natives. There is one special hospital for the treatment of contagious fevers, and there are four hospitals for the examination and treatment of prostitutes. Compulsory vaccination for smallpox was introduced: in 1904 the total number of natives vaccinated was 46,326.

No little consideration has been given to the opium question. The government was at first inclined to prohibit the smoking of opium by the natives as it had done in the case of the Japanese. It was found, however, that an absolute prohibition of the practice would greatly irritate the natives, and that opium smuggling on the coast could not be effectively prevented. Hence, after a careful study of actual conditions, the government, in 1897, took the opium trade into its own hands and established a system of licenses. The opium monopoly in Formosa, although it was established primarily as a social remedy, now furnishes considerable revenue. A similar course has been pursued as regards gambling, to which the Chinese Formosans are greatly addicted. Finding that it was impossible to check private gambling or suppress secret lotteries, the government of Formosa was finally authorized, by a special act of 1906,[1] to deal with the subject by means of a state lottery, the profits of which are expended for charitable purposes, for sanitation and for the preservation of the temples and churches.

Nothing is more important for the advancement of the backward natives of a dependency than the creation of educational opportunities. Prior to the Japanese occupation, there were no public schools in Formosa; there were only several foreign missionary schools. Young men of the well-to-do class were taught Chinese classics by private tutors. Under the Japanese régime, the inhabitants of Formosa are divided, for purposes of education, into three classes, according to race: the Japanese, the natives of Chinese origin, and the aborigines. One year after the cession of the island to Japan, a "central language school" was established in Taihoku, for the double purpose of teaching Japanese to the natives and the native tongues to the Japanese. The school is divided into two departments: a nor-

[1] *Kwanpo*, June 22, 1906.

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mal-school department and a language department. In the normal-school department instruction is given to the Japanese students who are to serve as teachers in the primary schools for native children and for Japanese children. The language department is subdivided into two sections: one for the study of the native languages by Japanese students, who are to be employed as translators and in other public services; a second for the study of the Japanese language by natives. In the latter section some of the natives are trained as interpreters, and some receive an elementary technical education, with special reference to preparation for the railway and telegraph service. The government also supports a number of other special schools for the natives. A medical school is attached to the splendidly equipped central hospital at Taihoku. In this school, which has a three-year course, the tuition is free, and the necessary expenses of the students are defrayed by the government. At Tainan there is a school for the training of native police. In connection with the agricultural station of the Taihoku prefecture an agricultural school has been established, in which the instruction is very practical and suited to the local needs. In Taichu there is a school of silk culture.

Serious attention has been given also to the development of general public education. For training the teaching force, there are three normal schools for the natives, situated at Taihoku, Shoka and Tainan respectively. The curriculum includes "moral science, Japanese, Chinese, mathematics, book-keeping, geography, history, natural philosophy and science, also music and gymnastics, and a general training in teaching." Tuition, living expenses and clothing are given by the government to all students in these normal schools. The public schools for native children are in the most flourishing state. In the first year of Baron Kodama's administration, 1898, 74 schools were opened with 247 teachers and 7836 students. Seven years later, in 1904, the schools had increased to 156 with 620 teachers, of whom 378 were natives, and with 23,346 students.[1] In these schools are taught reading, writing, geography, arithmetic, his-

[1] The Progress of Taiwan for Ten Years: 1895–1904.

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tory, Japanese *etc.* For the savages, thirteen schools had been opened in the districts occupied by the aborigines or at adjoining places. Several foreign missionary schools are also coöperating in the education of the natives. There are a number of public schools and middle schools for Japanese children. In order that Japanese middle schools and higher schools may be organized according to the best modern system, Prof. Honjo, a well-known educational expert, has been recently commissioned by the Formosan government to investigate the working of high schools in Europe and in America.

Communication plays an important part in colonial development. As water transportation and the sub-marine cable service between the dominant country and the dependency form connections which are valuable for commercial purposes and essential for political control, so the efficiency of exploitation and administration in the colony depends upon adequate highways, railways and telegraphic lines. Under the Chinese régime means of communication in Formosa were very limited. Sixty-three miles of railway were in operation between Taihoku and Shinchiku. There existed near seaports several cart roads which connected them with fields of sugar, tea and camphor. As soon as the Japanese occupied the island, the army began the construction of highways. In addition, some of the prefectures put a large force of men at work on the roads. At present almost two thousand miles of highway, well graded and well bridged, connect the principal towns and seaports. In addition to two branch railway lines from Taihoku to Kelung and Tamsui, the construction of the Taihoku-Takow trunk line is approaching completion: of its total length of 251 miles 223 miles with 63 stations were open to traffic in 1904–05. Nearly forty million *yen* have been expended on the railways of Formosa, and some 132 miles more are to be built in the near future. The government of Formosa now maintains 121 post-offices, 3300 miles of telegraphs and 1500 miles of telephone. Two submarine cables connect Formosa with Japan and China. In order to encourage regular navigation between Formosa and China and Japan, the colonial government pays to two Japanese steamship companies annual subsidies amounting to 800,000

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yen. Eleven lighthouses have been erected. Every effort has been made to improve the harbors, so as to admit large ships and to secure proper railway connections. For the widening and deepening of Kuling harbor, the Imperial Diet voted an appropriation of 2,000,000 *yen*, and sea-going steamers can now easily dock there. Improvements are in progress at Tamsui, Takow and Amping.

Formosa is one of the richest of colonies, having an abundance of tropical products. Its camphor, which is under government monopoly, supplies almost the whole world; and as the result of scientific methods in its planting and manufacture the production is increasing. Since the Formosan government, acting under the law of 1905, further consolidated the camphor industry by purchasing the interests held by individuals in Japan, the monopoly enjoys increased profits, because the price of camphor has since been doubled.

Tea is also one of the important products, the oolong especially being very well known to Americans. At present, indeed, Formosan tea is at a disadvantage by reason of competition with Indian tea, and also by reason of a tax imposed on its exportation. Should the cost of manufacture be reduced and should the export duty be removed, the prospect of a market for this tea would be very promising, particularly as it is peculiar to the island. There are 78,412 natives engaged in the production of tea, and the business is chiefly controlled by American and English firms. The government is making every effort to improve the tea industry. By the ordinance of 1898, all those engaged in this industry are instructed to organize associations, under the supervision of the government, to prevent the adulteration of Formosan tea. Experts have been sent to India to study the conditions under which the Ceylon tea is produced. An experimental tea garden and a model tea factory have been established in order to encourage the improvement of the native product.

Formosan sugar once enjoyed a considerable market in China and Japan, but, as the result of competition with Dutch sugar and European beet sugar, its production for a time stood still. In 1898 a special sugar bureau was established under the super-

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vision of Dr. Nitobe, a leading authority on agricultural economics. According to his investigations, Formosa will be superior as a sugar field to Hawaii. Cane cuttings from Hawaii have been brought into the island and planted in the experimental garden; and several American crushing mills have been imported. There are 1149 native manufactories, besides two Japanese factories which are doing business on a large scale and which enjoy a government bounty. The Japanese, who annually spend over fifteen million *yen* for foreign sugar, are very anxious to develop their colonial product.

The island has two crops of rice, and the annual value of this export is several million *yen*. The yearly production of gold at present amounts to more than two million *yen*. Coal, sulphur, flax, hemp and jute are also among the products of the island.

As the result of strenuous efforts on the part of the government of Formosa, of constant encouragement from the imperial government and of sacrifices made by the Japanese people, the social and material development of the first Japanese colony during the first ten years of Japanese control has been remarkable. Tropical plagues have been driven from the island. Taihoku, the capital of the island, "has been converted from a filthy Chinese town into a clean Japanese city." Life and property are now well protected from bandits and savages. The majority of the natives are enjoying modern education; even the children of the aborigines, under enlightened instruction, are gradually improving their condition. Hundreds of native graduates from normal schools and various technical schools are participating actively in education, sanitation and other public services or are directing agricultural and industrial undertakings.

The material development of the colony is most clearly shown in the improvement of its finances and in the remarkable development of its commerce. The Formosan government, as already indicated, has established its fiscal independence within ten years. The commercial progress of the island under Japanese administration is equally significant.

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TRADE OF FORMOSA WITH FOREIGN COUNTRIES AND WITH JAPAN[1]

COUNTRY	EXPORTS, 1896	IMPORTS, 1896	EXPORTS, 1904	IMPORTS, 1904
Korea		42,421		57,969
China	8,675,576	4,094,390	7,175,202	5,841,993
Hongkong	2,454,169	290,614	1,628,725	262,287
India		604,957	5,944	1,681,889
Great Britain		1,146,328	277,141	1,375,394
Australia		58,693		117,185
U. S. A.	265,122	594,390	2,870,854	1,452,129
Philippines		17,751		27,759
Russia				63,607
Asiatic Russia		40,697		189,060
France		7,769	253,500	13,226
French Indo-China		442,536		42,487
Holland		326		23,777
Dutch Indies				47,026
Germany		223,224	76,000	184,830
Siam		68,074		31,140
Belgium		3,352		27,222
Spain		1,357		1,187
Switzerland		3,271		1,319
Austria		605		20,723
Other Countries	814	990,246		1,374,193
Unknown				2,041
Ship Supplies	6,546		103,758	
Total	11,402,227	8,631,001	12,391,124	12,838,443

COUNTRY	EXPORTS, 1897	IMPORTS, 1897	EXPORTS, 1905	IMPORTS, 1905
Japan	2,104,648	2,723,722	13,661,500	13,483,833

In the first year of the Japanese administration, China continued to enjoy the lion's share of the Formosan trade, exports to and imports from China amounting to more than sixty per cent of the total foreign trade of Formosa. At the same time the Chinese imports from the island represented twice the value of her exports to it. The western powers and their Asiatic dependencies exported to Formosa more than four million *yen*, importing from the island very little, except by way of Hongkong. The colonial trade with Japan, in 1897, was scarcely one-quarter of the foreign trade of the colony and less than two-fifths of its trade with China during the preceding year.

[1] The amounts are stated in *yen*. The Progress of Taiwan for Ten Years, pp. 24, 25.

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In the following eight years China lost one and one-half million *yen* of her imports from the island, but increased to the same amount her exports thereto; Great Britain and her Asiatic colonies exported to Formosa three and one-third million *yen*, importing therefrom two millions. The United States bought Formosan products to the value of 2,870,854 *yen* and in return sold to the island goods to the value of 1,452,129 *yen*, not including exports from the Philippine Islands. Germany exported to Formosa more than twice the amount of her imports; French Indo-China, Dutch India and Asiatic Russia also sold products to Formosa. During the period covered by these statistics the foreign trade of Formosa increased comparatively little in exports; but in future, as the result of systematic exploitation under government supervision, her exports will doubtless rapidly increase. In 1905 the trade of Japan with Formosa had immensely increased both in exports and in imports, amounting to more than the total trade of Formosa with foreign countries in the preceding year, 1904. The extent to which the natives of Formosa are increasing their importations, both from Japan and from foreign countries, shows how greatly their consuming power has been stimulated under Japanese administration; and it appears that the more the Formosans prosper, the more they will buy. Western powers still find the open-door policy in operation in the Japanese colony, and the commercial relations of their Asiatic dependencies with Formosa are becoming more and more important. The expansion of Japanese power in the Orient has been a benefit, not an injury, to the western powers; nor will Japan menace their dependencies, as is so often feared by western publicists, so long as her legitimate rights are respected.

In a word, the effect of Japan's colonial enterprise in Formosa during the past ten years has been to promote the social and economic well-being of the natives, to widen her own commercial and political interests, and at the same time liberally to share with foreign countries the commercial benefits arising from the economic development of the territory under her control.

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FREDERIC WILLIAM MAITLAND

NOTABLE achievement and that general recognition which passes for fame are seldom so balanced, in this age of specialization, as to satisfy the most competent judgment; yet to those who know Maitland's work, whether they be experts or amateurs, it seems inexplicable that his death should have passed almost unnoticed in the English and American daily press. In New York City, so far as his friends have observed, it was mentioned only in a short contributed paragraph in a single evening paper. Even in England *The Times* gave hardly more space to his obituary than might have been allotted to a country squire or to a captain of dragoons.[1] This is surely a strange showing in the case of a man who, in the days when Gardiner, Creighton and Stubbs were still living, was ranked by Lord Acton as the ablest historian in England; of whom Heinrich Brunner wrote that "with one sudden push" he had raised English legal history to the full height of the best work

[1] In justice to *The Times* it should be added that shortly after the appearance of its unsatisfactory obituary it published, as an editorial article, an adequate and sympathetic memorial, evidently contributed by one who was personally acquainted with Maitland and thoroughly familiar with his writings. This article is reprinted in the *Journal of the Society of Comparative Legislation*, vol. vii, p. 581. In this latter journal, vol. vi, p. 9, was published in 1905 a short article upon Maitland's work, together with a good portrait.—Other legal and historical reviews are of course now paying fitting tribute to Maitland's memory. In the *English Historical Review*, April, 1907, vol. xxii, pp. 280–289, Professor Vinogradoff gives interesting reminiscences of Maitland, analyzes his mental characteristics and indicates the importance of his work. In the *Law Quarterly Review*, April, 1907, vol. xxiii, pp. 137–148, Sir Frederick Pollock publishes a collection of memorial notes, varying in length from half a page to three pages, contributed by leading jurists of the United States, France, Germany, Austria and Italy, *viz.*, Justice O. W. Holmes, Professor John C. Gray, Professor Saleilles, M. Paul Meyer, Professors Brunner, Liebermann, Redlich and Zocca-Rosa. Pollock's own tribute to his friend and collaborator appears in the *Quarterly Review*, April, 1907, vol. ccvi, pp. 401–419. It gives a fuller account of Maitland's life and a more detailed analysis of his scientific achievements than has elsewhere been published.—The present article was in type before the April issues of the English reviews became accessible in New York; so that the writers were able to make little use of the many valuable suggestions and interesting points of view contained in the articles above cited.

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done upon the Continent; and who, finally, in the judgment of many of his readers, wrote an English not in our time surpassed in its combination of lucidity, distinction and charm.

It is doubtless the subject to which Maitland devoted himself that is responsible for the relatively slight interest which "the cultured public," as the Germans call it, has thus far displayed in his writings. The further history departs from its original form, the legend or saga, and the more it sacrifices romantic interest and dramatic effect to an ideal of accuracy, the less does it appeal to the general public. When it ceases to concern itself chiefly with prominent men and spectacular events and begins to describe institutions and conditions, its audience becomes still smaller. The cultured public will read such history if it be written on broad lines, ignoring petty details, and if it makes the connection between past and present readily perceptible; but the minute investigation that attempts to reconstruct in detail social conditions so remote from ours that they are not readily comprehensible appeals to comparatively few "general readers"; perhaps because appreciation of its results demands a considerable degree of at least responsive imagination. The naturalist who from a few bones and footprints rebuilds an extinct saurian can make his results tangible in plaster of Paris. The legal historian who from the crabbed script of yellow parchments reconstructs a bit of long-forgotten social life misses general applause because so few of his readers can visualize his restoration.

In so far as the history of private law has come to be regarded as a part of general history, it takes its place in this least popular section, in what is sometimes still called "antiquarian" history. In its appeal to the cultured public, legal history is further handicapped by a very general doubt whether it is "history proper." To the lawyers it may be history; to nearly all other men it is law. This attitude of the public is the more comprehensible, because it is still the attitude of many, if not most, of the non-legal historians. History has indeed ceased to be simply political and is trying to become social; but it has not gone much further on this its latest road than to become economic. To the "pure" historian legal history is still a foreign

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although neighboring and perhaps friendly territory. In his map of knowledge it is still marked "technical"; and the cultured public accepts this warning and governs its reading accordingly: witness the little space allotted to legal history in those Bädekers of intellectual travel, the encyclopædias.

At the same time, in English-speaking countries at least, the legal historian is not sure even of his legal audience; for to the practical lawyer, as was suggested a moment ago, legal history is rather history than law; a creditable side interest but not a professional study. There are probably few lawyers in English-speaking countries who have not heard of Maitland, but there are still very many who have not read a line of his writings. The position of the legal historians is, in a way, like that of the bats in the fable; they are admitted among neither the historical birds nor the legal beasts.

It is probable that this branch of science will in the future command increasing attention. Judging from conditions in other civilized countries, it is probable that English-speaking lawyers will read more legal history. Judging from the trend of modern historical investigation, it is probable that the history of private law will be recognized as a legitimate and important branch of general history. When these things come to pass, there will probably be two well-defined varieties of legal history separated by the line of cleavage long ago suggested by Windscheid; the one ancillary to jurisprudence, the other to social science. In both fields Maitland will figure among the great precursors.

M. S.

I

Frederic William Maitland was born in 1850. His historical tastes were to a degree inherited, for his grandfather was that S. R. Maitland whose vivid sketch of mediæval history, *The Dark Ages*, shows not a little of that power of visualization and critical independence which were the distinctive marks of the author of *Domesday Book and Beyond* and of *The Roman Canon Law in England*. He was educated at Eton and at Trinity College, Cambridge, and was bracketed senior with Cunningham,

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the economic historian. Then he studied law and was called to the bar at Lincoln's Inn in 1876. But he was more interested in the study of legal antiquities than in the practice of his profession. In 1884 he published *Gloucester Pleas*, and through Sidgwick's influence he became reader in English law at Cambridge. In 1887 appeared his edition of *Bracton's Note Book*, in which, and particularly in the introduction, his skill in textual criticism and his genius for reconstruction were revealed. The next year he was elected to the Downing professorship of law, the position which he still held at his death. He was offered the Regius professorship of history at Cambridge upon the death of Lord Acton, but was unable to accept it owing to his ill health. His Downing professorship did not entail very arduous duties, and he was able to discharge them during the summer term, so that during the last years of his life he spent the winters in the Canary Islands. His growing weakness of body, however, seemed to leave his mental powers absolutely untouched. From 1895, when his and Pollock's classic *History of English Law* appeared, almost every year saw some noteworthy contribution on his part to English history.[1] His last work, the biography

[1] Maitland wrote or edited (with introductions) the following books: Pleas of the Crown for the County of Gloucester (1884); Justice and Police (1885); Bracton's Note Book, 3 vols. (1887); Select Pleas of the Crown, 1200–1225 (Selden Society, vol. i, 1887); Select Pleas in Manorial and Other Seignorial Courts (Selden Society, vol. ii, 1888); (with W. P. Baildon) The Court Baron (Selden Society, vol. iv, 1890); Three Rolls of the King's Court in the Reign of King Richard I, 1194–1195 (Pipe Roll Society Publications, vol. xiv, 1891); Records of Parliament, 1305 (Rolls Series, 1893); (with W. J. Whittaker) The Mirror of Justices (Selden Society, vol. vii, 1893); Select Passages from Bracton and Azo (Selden Society, vol. viii, 1894); (with Sir Frederick Pollock) The History of English Law before the Time of Edward I, 2 vols. (1895, second ed. 1899); Domesday Book and Beyond (1897); Roman Canon Law in the Church of England (1898); Township and Borough (1898); Political Theories of the Middle Age, translated from Gierke (1900); English Law and the Renaissance (1901); Yearbooks of Edward II (1307–1310), 3 vols. (Selden Society, vol. xvii, 1903, vol. xix, 1904, vol. xx, 1905); Life and Letters of Leslie Stephen (1906). He also put through the press Stephen's work on Hobbes (1904).

Maitland published the following articles and notes. No certainty is felt that the list here given is exhaustive; nor are any of his numerous book-reviews included. In *The Law Quarterly Review:* The Seisin of Chattels (i, 324); The Deacon and the Jewess, or Apostacy at Common Law (ii, 153); The Mystery of Seisin (ii, 481); The Beatitude of Seisin (iv, 24, 286); Possession for a Year and a Day (v, 253); Remainders after Conditional Fees (vi, 22); A Conveyancer in the Thirteenth Century (vii,

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of Sir Leslie Stephen, bears no trace of the fact that it was written in part in the very face of death. The virile style, the undimmed outlook upon life, the frank keen humor, revealed at last to readers of "literature" the personality which had already disclosed itself to students of legal history.

The student of history who went to Cambridge to work with Maitland found himself in a somewhat peculiar situation. A "history department" exists in a sense at Cambridge, through the coöperation of the different fellows in history in the various colleges, who to some extent adjust their courses so as to cover different fields—an arrangement largely due to the energetic action of Dr. A. W. Ward. But Maitland was technically outside all this. He was professor of law, and his courses were not, in academic theory, in the field of history. It was in the most personal way that he drew around him a little group of privileged students to take up palæography and diplomatic, and thus get at the basis of mediæval historical criticism. Maitland

63); A New Point on Villein Tenure (vii, 174); Frankalmoign in the Twelfth and Thirteenth Centuries (vii, 354); The Quadripartitus (viii, 73); The Survival of Archaic Communities (ix, 36, 211); Taltarum's Case (ix, 1); Wycliff on English and Roman Law (xii, 76); "Execrabilis" in Common Pleas (xii, 174); Vacarius on Marriage (xiii, 133, 270); A Prologue to a History of English Law (xiv, 13); The Corporation Sole (xvi, 335); The Crown as a Corporation (xvii, 131).—In *The English Historical Review:* The Suitors of the County Court (iii, 417); The Introduction of English Law into Ireland (iv, 516); Northumbrian Tenures (v, 625); The "Praerogativa Regis" (vi, 367); Henry II and the Criminous Clerks (vii, 224); The History of a Cambridgeshire Manor (ix, 417); The Murder of Henry Clement, 1235 (x, 294); Origin of the Borough (xi, 13); Canon Law in England (xi, 446, 641; xii, 625); Song on the Death of Simon de Montfort (xi, 314); An Unpublished "Revocatio" of Henry II (xiv, 735); Elizabethan Gleanings (xv, 120, 324, 530, 757; xvi, 517); Canon Law in England: A Reply to Dr. McColl (xvi, 35); William Stubbs, Bishop of Oxford (xvi, 417).—In the *Journal of the Society of Comparative Legislation* (New Series): The Oldest Code of Laws (i, 10); Moral Personality and Legal Personality (vi, 192).—In the *Fortnightly Review:* Canon MacColl's Convocation (lxxii, 926).—In the *Westminster Review:* The Law of Real Property (cxii, 334).—In *Mind:* Mr. Herbert Spencer's Theory of Society (viii, 354, 506).—In Grünhut's *Zeitschrift für das Privat- und öffentliche Recht:* Korporation und Trust (xxxii, 1).—In Traill's Social England: articles on English law (i, 164, 274, 408; ii, 32, 476).—In the Encyclopædia Britannica (New Volumes): History of English Law (xxviii, 246).—In the *Harvard Law Review:* History of the Register of Original Writs (iii, 97, 167, 212); Glanvill Revised (vi, 1); Origin of Uses (vii, 127).—In the POLITICAL SCIENCE QUARTERLY: Materials for English Legal History (iv, 496, 628).

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himself spoke lightly of this work; yet, when one talked with former students of his, who were working in the Record Office, one realized that this purely informal instruction had at least in part paralleled the work of an École des Chartes. He himself strongly advised students to go to Paris rather than to work in the haphazard manner of Cambridge. The German law professors, he said, were now-a-days too much occupied with the study of their new code. Paris was the fountain-head of mediæval historical research. Yet, in spite of his self-depreciation, I am inclined to believe that, while Maitland was alive, an American student would have gained more from the informal instruction which he gave, so readily adjustable to individual needs, than from the regular class-room work of an École des Chartes, following an inelastic curriculum directed towards preparation for a professional career.

Downing College, in which Maitland had his professorship, is perhaps the least known of the colleges of Cambridge. It is of comparatively recent foundation, and stands apart from the other college buildings. It has no "backs" along the Cam. One reaches it by an inconspicuous gate-way opening off the main business street. But once inside it, one finds, back of the long row of shops, the quiet and restfulness of the country. Two rows of Georgian buildings stand fronting each other across the wide old lawn, flanked with groves of elm and oak. About the middle of the row on the western side, Maitland had his house. His study was a plain, square room, not entirely given up to law or history, and not over-crowded with folios. Yet every book on the shelves had evidently been chosen; there was no useless, pedantic lumber. One gained at once an impression of refined taste and sure critical judgment. The workshop mirrored the worker. The view from the study windows was that of the open lawn and the monotonous row of houses opposite. But on the western side, the house was set right into the thicket. Here every sort of English songster seemed to have its nest; a fact of which he was as proud as was Dr. Ward, whose official residence, as master of Peterhouse, backs upon a continuation of the same grove farther north. The last time I saw Maitland, he was obliged to have the window closed,

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that our talk should not be interrupted by a thrush whose throat was stronger than his own.

At the south end of the row of houses is the somewhat chapel-like building in which Maitland lectured. Architecturally it suggests something between a monastic refectory and a Quaker meeting-house. The ecclesiastical atmosphere of the class-room, however, may have been partly created by the manner of the lecturer. Maitland lectured on English law, at least when I heard him, as though he were some saintly mediæval monk reciting the miracles of his order. His tall gaunt figure was restless with animation; his voice would throw off the huskiness due to his physical weakness, and pass into a sort of liturgic rhythm as he completed his outline of some large cycle of legal development. It was a striking mannerism, and at first only the personality of the lecturer prevented one from meeting it with a smile. Yet even at a moment of what seemed genuine enthusiasm, when he dominated the little class by a spiritualized sort of energy, which made one forget both his weakness and his liturgic delivery, a sudden shaft of humor would flash into the lecture, and, though the tense face hardly relaxed, the eyes in an instant were all play, and sought over the class for an answering intelligence. Few of his students took notes. The lecture was too interesting. The secret of his hold upon the class undoubtedly lay in his imaginative grasp of the subject combined with an intense earnestness. A recent reviewer has said that Maitland "could send a class away feeling that the study of twelfth-century law was the one thing worth living for."

One of Maitland's few American students writes:

> Frederick William Maitland was a man whom to know was to love. He possessed to the fullest extent that final and rarest attribute, greatness of spirit, a true grasp on higher things, which gives to character such breadth that, with noble modesty of bearing, it can tolerate the weaknesses of others and recognize with keen appreciation their achievements. He was an ideal teacher and a wonderful friend.
>
> In the later years of his life, when it was my great good fortune to be brought, as pupil, into close companionship with him during two years of university work, his bodily health was already sadly wasted, but

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his intellectual powers were undimmed. He was spare and gaunt; his face, clear cut and fadedly handsome, was perfectly white. His most striking feature was his eyes, which sparkled with vivacity and intelligence and quickly responded to his whole wide range of feeling, from quiet amusement, as he called attention to some example of quaint mediæval pedantry, to heated animation as he discussed some moot question of legal science. He impressed one with the feeling that his whole physical being had been consumed and sacrificed in the production of a master intellect and a great soul.

The work that I did with him was in palæography and diplomatic, the deciphering of Norman and Angevin legal documents. While the significance of this or that passage as demonstrating the state of the law was of course the matter closest to his heart, he nevertheless took keen pleasure in tracing the development of that very necessary servant-craft by which the mandates and decisions of kings, legislatures, courts and scholars were made into permanent records. He was, of course, a master of the various shorthand forms resorted to by the ancient scriveners. He knew intimately the whole story of the development of their craft, and he could tell as easily whether a piece of work was well done according to the standards of its time as he could say whether the penmanship of one of his pupils on an examination paper was good or bad, showing cultivation or lack of education. He handled his treasures not only with enjoyment but with a certain reverence. He knew the history of many of the personages named therein; and as to those who were unknown he would often hazard an opinion, serious or humorous, pointing out what must have been their nationality, station in life or official position, sometimes pausing in the work to spin a fanciful little life-history based on his accurate knowledge of their times and surroundings.

His enthusiasm for the study of law and of political institutions in no wise narrowed the range of his intellectual sympathies. He was well and widely read, full of miscellaneous information, and fond of the discussion of all matters which are of interest to the large-minded university gentleman and scholar. He was not intimately familiar with American institutions and the later development of English law in this country, but he was deeply interested in the preservation of old English forms in some of our writs and in the direct connection of the constitution and functions of our judicial system with historic precedents. He believed that community in our traditions, and particularly in our conceptions of rights and duties and the modes of their protection and enforcement, was the surest guaranty of continued good

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understanding and friendship between Anglo-Saxon peoples throughout the world.[1]

A year after I had first met Maitland, in a summer spent at Cambridge, I sought his advice upon the editorial treatment of jurisprudence and legal history in a proposed new edition of the *Encyclopædia Britannica*. Although he was just recovering from an unusually severe attack of illness, and was unable to speak except in a whisper, he gave a long summer afternoon to the discussion of the subject and of suggested contributors. The seal of confidence must rest upon these personal judgments upon his colleagues the world over; but from first to last they were marked with that generosity which had drawn him, and his school, to the defence of the historian who was suffering from Round's polemics. In spite of his physical weakness, his brain was as alert, his interest as unflagging, as though he were the athlete he was just then depicting in his biography of Stephen. Maitland's brain seemed absolutely tireless. For hours he carried on a conversation that ranged all the way from journalism to Bracton and from German to American universities. His knowledge of the latter was slight; but in the survey of European scholars his characterizations were lit up with many a reminiscence and not a few touches of his characteristic humor. The biography of Sir Leslie Stephen was then occupying all his attention. He seemed to regard it as a sacred obligation, and did not look forward, at that time at least, to doing anything more. When one turns to the book now, with its deliberate self-effacement and its high sense of the judicial function of a biographer, one feels that it in a sense forbids any further attempt to state the impressions of a casual visitor to his home. J. T. S.

II

One of the great services which Maitland rendered to English history was to break, once and for all, with the tradition that English institutions can be comprehended and exhibited as purely insular products. "Such is the unity of all history," he wrote a few years ago, "that any one who endeavors to tell a

[1] Contributed by Mr. James Renwick Sloane, of the New York bar.

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piece of it must feel that his first sentence tears a seamless web."[1] And eighteen years ago he wrote:

> For a moment it may crush some hopes of speedy triumph when we learn that, for the sake of English law, foreign law must be studied, that only by a comparison of our law with her sisters will some of the most remarkable traits of the former be adequately understood. But new and robuster hopes will spring up; we have not to deal with anything so incapable of description as a really unique system would be.[2]

By earlier English historians it was indeed granted, as of course, that early English law was a transplanted slip of German law, that Norman law had been grafted on the German stock, and that Roman law, civil as well as canon, had exercised more or less influence upon the development of English law and equity; but after making these concessions they wrote English legal history with hardly a glance across the North Sea or the Channel. Maitland knew and utilized not only "the splendid efforts that have been spent upon reconstructing the law of mediæval Germany"[3] but also the results attained by Brunner and others in tracing the connection of the English law, through the Norman, with the Frankish. More than this: he recognized that throughout the middle ages England was essentially a part of Catholic Christendom and a participant in the great movements of European law. That the early centralization of law-finding and law-making power in England made possible there what was at the time impossible in any continental kingdom, *viz.*, the development of a national law, he appreciated as fully and showed as clearly as any other historian: but he also made it clear that the matters which were governed in mediæval England by the common law of the realm were substantially the same matters which were governed on the Continent by local and provincial customs; that in England as on the Continent there were other bodies of law—feudal law, ecclesiastical law, law merchant—which were severally administered by

[1] History of the English Law, 2d ed., I, 1.

[2] "Materials for English Legal History," POLITICAL SCIENCE QUARTERLY, IV, 498.

[3] *Ibid.*

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special courts and which were neither local nor national but in substance European; and that, as the English common law expanded, it displaced these European bodies of law, not by substituting anything substantially different and specifically English, but by absorbing and assimilating the European law. In his *Roman Canon Law in England* Maitland assailed one of the most cherished traditions of insular independence—a tradition almost as dear to modern English lawyers as to modern English churchmen; and in his and Pollock's *History of the English Law* the common law, in its critical, formative period, detaches itself from a background of general European law, German and Roman, feudal and ecclesiastical.[1] Consideration of the third great body of European law which obtained in England, the law merchant, lay outside the plan of the *History* as it lay outside of the period on which Maitland's labors centered; but other English writers have fully recognized the European character of the law which governed English trade and commerce through and even beyond the middle ages, and the degree to which the English law of personal property and of contract was Europeanized when the common-law courts finally took jurisdiction of commercial cases.

Another great service which Maitland rendered was to apply to the study of English law, fully and in its last and most important implications, the fundamental theory of the historical school of jurisprudence. It is one thing to say that law is the outcome and expression of the entire social life; it is another thing to study every step in the movement of law in connection with contemporary conditions, political and social. Maitland was free from that professional insularity, peculiar to no single country, which regards law as a thing apart, self-begotten, self-satisfying, serving its own ends. At the same time he avoided the exaggerations of the historical school; he saw that law is not merely a product of the social life but also a factor in the social life. As soon as a custom has obtained legal sanction, as

[1] Professor Saleilles emphasizes, in his recent note on Maitland, "la tentative incessante faite par lui pour faire sortir, si l'on peut dire, le droit privé anglais de son isolement et le replonger, en quelque sort, dans le grand courant de la science juridique universelle." *Law Quarterly Review*, April, 1907, XXIII, 140.

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soon as a social institution has become a legal institution, it starts upon a new and largely independent existence, and in its subsequent and purely legal development it may react upon and modify social ideals as well as social conduct.

Like every true lawyer, Maitland fully realized the social significance of positive law. To the Roman jurist law was a religion, "of which we may justly be termed the priests," and again, "a true and not a sham philosophy" or synthesis of human life.[1] In the mind of the modern lawyer the same feeling finds a different expression. Law is the central and most important part of the social order; the legal sanction, the sanction of social force, is put behind those arrangements which are really fundamental and those rules which are the necessary conditions of social existence. This is what Maitland substantially indicated, in the characteristic form of a half apologetic understatement, when he wrote:

> It may indeed be possible for us, in our estimates of the sum total of national life, to exaggerate the importance of law; we may say, if we will, that it is only the skeleton of the body politic; but students of the body natural cannot afford to be scornful of bones, nor even of dry bones; they must know their anatomy. . . . Two great English historians who could agree about nothing else have agreed that English history must be read in the statute book. In course of time the amendment will be adopted that to the statute book be added the law reports, the court rolls and some other little matters.[2]

That Maitland made English legal history fascinating to those whom he reached with the living voice we may well believe, for he makes it interesting to those whom he teaches through the printed page. And this was no small triumph. To the ordinary man who surveys the statute book, the law reports, the court rolls and the "other little matters" which are the chief material for this study, the prospect may well suggest the valley of the Hebrew prophet's vision, in which the bones were "very many . . . and very dry." For twenty-three years Maitland prophesied to these bones. In the introduction to his first pub-

[1] Ulpian. Dig. i, 1, 1, § 1.

[2] "Materials for English Legal History," *loc. cit.* pp. 497, 498.

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lished work, in 1884, he is already looking to the cases which he has collected "to provide a body of flesh and blood for the ancient rules which, whether in the pages of Bracton or in those of modern histories, are apt to seem abstract, unreal, unpracticable."[1] And he is soon doing more: he is reconstructing, with the aid of contemporary history and literature, the entire political and social environment of the cases; he is drawing upon the "sister laws"; he is working down from earlier and up from later conditions. Like Ezekiel he is prophesying in every direction, crying: "Come from the four winds, O breath, and breathe upon these slain that they may live." And in his vision, as in Ezekiel's, "the breath came into them, and they lived and stood upon their feet, an exceeding great army."[2]

With his capacity for minute research Maitland combined, to a very unusual degree, the ability to take broad views, and to trace the great movements of law through long periods. Many illustrations will occur to every reader; the best, perhaps, is afforded in his chapter on "The Dark Age in Legal History," which first appeared in the second edition of his and Pollock's *History*. Here, within the compass of twenty-four pages, he reviews the movement of European law for a millennium, making "mile-stones of the centuries." Like most things that he wrote, this chapter reads as if it had been done easily. How difficult it was can perhaps be fully appreciated only by one who has made excursions into the same period and has read the books which Maitland cites.

Of the lucidity, distinction and charm of Maitland's style I have already spoken. Of his introduction to his translation of Gierke, Professor Dunning wrote: "His eighty-page essay is one of the most delicious bits of literature that has ever been put forth under the guise of juristic science."[3] No writer has

[1] Pleas of the Crown for the County of Gloucester, Introduction, p. vii.

[2] Ezekiel, xxxvii, 1–10.

[3] POLITICAL SCIENCE QUARTERLY, XVI, 176. Of Maitland's introductions to the volumes which he edited for the Selden Society, Sir Frederick Pollock remarks: "These introductions are brilliant contributions to our historical literature—for they *are* literature, and not only monuments of learning; I believe Maitland could have made literature of Colenso's Arithmetic." *Quarterly Review*, April, 1907, CCVI, 411.

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handled weighty matters with a lighter touch. He wrote simply, as a man of culture talks, and with a certain consideration for his readers, as a scholar talks when he is careful not to weary his audience. He had a keen sense of humor, and to this, with unfailing tact, he gave just enough play to lighten his pages without sacrificing their dignity. Very characteristic in his writing is the new and unexpected turn often given to an old phrase, or the new and sometimes audacious use of a familiar quotation. For example: noting the fact that Bracton, in setting forth the law of England, not only borrowed from Roman jurisprudence the general theories which he needed for a framework, but also, in concrete cases in which there was no English authority in point, adopted (or at least suggested) rules specifically Roman, Maitland quotes:[1]

> Imperious Cæsar dead and turned to clay
> Might stop a hole to keep the wind away.

In his conversation, as is remarked above by those who knew him better than I, and in his letters, as I can testify, he gave his humor looser rein. After reading his brilliant introduction to his translation of Gierke's *Political Theories of the Middle Age*, in which he notes the recognition of trusts in the field of English public law, I sent him an extract from a then recent decision of our federal supreme court, in which it was asserted that, after the relinquishment of Cuba by Spain and prior to the establishment of the republic of Cuba, the sovereignty over the island was held by the United States "in trust for the people of Cuba." In acknowledging this scrap of illustration, Maitland put the whimsical but thoroughly lawyer-like question: "What would happen if the United States sold Cuba to a purchaser who took the legal estate *bona fide*, for value, and without notice express or implied of the rights of *c. q. t.?*"

I met Maitland once only, nearly twenty years ago. That meeting was worth while, not for myself only, but for science; for I persuaded him to write those papers on "Materials for English Legal History" which were subsequently published in

[1] Bracton's Note Book, I, 8.

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this review. My correspondence with him was limited to the exchange of half a dozen notes. I really knew the man only through his published writings; but in these I always felt his personality to an extent that is, I think, very unusual in technical literature. Of his personal traits, however, those who are better qualified have already spoken.

Of his work and of its value every student of history and of law is entitled to express an opinion. That which I have attempted to formulate is very incomplete. I have only hinted at the wide range of his intellectual interests; and I have neglected to point out that, whenever he made an excursion into other fields than that of legal history, he displayed the same easy mastery of each new subject that he touched. I have failed to dwell upon his impatience of incomplete solutions, his determination to get to the bottom of things, his readiness to grapple, when it seemed worth while, with the most abstract of juristic concepts, and his love of system—qualities which are less often found in England than upon the Continent, but which in his case were happily controlled by a thoroughly English sense of the practical.

What position Maitland will hold a hundred years or even fifty years hence, an Englishman or an American can not venture to say. A French or German judgment[1] would be more likely to stand the test of time, for a foreign view has something of the detachment which enables posterity to measure values with approximate justice. For myself I can only say that the sense of loss which came to me with the news of Maitland's death made me realize, as never before, how great a place he had come to fill in history, in jurisprudence and in English literature.

M. S.

[1] Utterances of some of the best qualified continental authorities are brought together, as noted above, in the *Law Quarterly Review*, April, 1907. Professor Liebermann writes that there are not more than two or three investigators of the social institutions of the middle ages who are of equal rank (p. 144). Professor Redlich thinks that the monumental History of English Law meant as much for English jurisprudence at the close of the nineteenth century as Savigny's History of Roman Law meant for German jurisprudence at the beginning of the century (p. 146). Professor Brunner, than whose judgment on such a point none is today more nearly final, pronounces Maitland the most important legal historian whom the lands of English speech have thus far produced, and one of the most brilliant representatives of legal history in general (pp. 142, 144).

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RECENT REPORTS ON STATE AND LOCAL TAXATION

TWO and a half years ago our customary review of state tax commission reports[1] brought the subject down to the end of the year 1903. In the interval that has elapsed, a number of reports, not only of state but also of local commissions and of semi-public organizations have made their appearance. It seems opportune to consider these in the light of certain general principles, a discussion of which, in varying degree, is now in progress throughout the length and breadth of the country.

If we look at the situation as it presents itself in the different portions of the United States, we realize that there are four groups of problems which are subsumed under the general head of tax reform. In the first place, the taxation of corporations is almost everywhere a burning question, because of the increased importance of corporate activity, because of the growing differentiation in the public mind of various classes of corporations possessing varying rights and duties to the public, and because of the desire to make corporations pay what is deemed to be a fair share of taxation. Secondly, there has come to the front the demand for the separation of state and local revenues, based on the desire to secure an escape from the many difficulties of the present situation by having the state abandon its reliance upon the general property tax, which is at the same time still the chief source of local revenue. This demand brings with it the necessity of some provision for an adequate system of separate state revenue, and this in turn explains the interest attached to such subjects as the inheritance tax and other special state taxes. In the third place, the discontent with the personal property tax is everywhere growing. In some states, the demand for reform has found expression in constitutional amendments which will permit of the abandonment of the general property tax at least for state purposes. In other states, the movement is taking the shape of a separate taxation, or of a taxation at a special rate or in a special manner, of certain kinds of personal property, like mortgages. In yet other states, attempts are being made to find a substitute for certain forms of personal property taxation or even for the personal property tax in all its forms. Finally as a result of the most recent development, a larger interest is being manifested in the general relation

[1] POLITICAL SCIENCE QUARTERLY, XIX, 710–713,

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of local, state and national revenues. On the whole the subject of taxation is now being slowly recognized as involving difficult and subtle problems which have long escaped general attention.

I

The municipal reports on taxation are of comparatively recent date. Ten years ago few municipal commissions had been created to study taxation, and except in the cases of Chattanooga, of Cleveland and of Boston the few reports that appeared were of little value. Of recent years, however, the question of taxation in our largest cities has been assuming important dimensions, and it is in Chicago and in New York that we find the greatest degree of ferment. In Chicago, the committee on public affairs of the City Club selected the municipal revenue system as the most important subject to be studied, and Professor Merriam of the University of Chicago was chosen to undertake the investigation. He has submitted a report of great interest and value.[1] It is divided into four parts, treating respectively of the development of the Chicago revenue system since 1871; of the revenue systems of American and foreign cities; of the present revenues of Chicago in detail; and of some general questions of reform. The report is clear, succinct and suggestive, not only containing an acute analysis of present evils, but also disclosing a familiarity with the modern literature on the subject and with the various projects of reform. The field cövered is so broad that it would be impossible to make any intelligent comments without virtually writing a treatise on public finance. Suffice it to say that this report gives not only an admirable systematic survey of conditions as they exist but also interesting suggestions for improvement.

In New York City the situation is somewhat better than in Chicago, not so much because of differences in the law as because of differences in the administration of the law. But here also many complex questions have arisen, and these led to the appointment by the mayor, in 1905, of an advisory commission on taxation and finance, which is composed of fifteen members and is still in existence. As the present writer is a member of this commission, notice of its work will be here limited to a statement of what it has done. The commission was divided into three committees; on taxation and revenue, on the state debt and special assessments, and on accounting and statistics. As the subjects assigned to the two latter committees do not fall within the pur-

[1] Report of the Investigation of the Municipal Revenues of Chicago. By Charles Edward Merriam. Chicago City Club, 1906.—161 pp.

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view of this article, the work of the committee on taxation and revenues alone calls for notice.

This committee has made a number of reports,[1] which have been adopted by the main body of the commission, and which deal with a variety of subjects, some of special, others of general interest. Among them is a statistical study of the municipal revenues of London, Paris and Berlin, as well as a report on uncollectible taxes and the abuses that have arisen in connection with the issue of municipal bonds, or so-called corporate stock, for arrears of taxation. The recommendations of the committee in this respect have since been enacted into law. Various other recommendations designed to improve the methods of tax collection have also become law. The chief reports of the committee, however, deal with the administration of the personal property tax in New York City, with side references to recent experiences elsewhere in the United States. As was to be expected, the committee shows that the tax in New York City is a complete farce, and that nothing is to be hoped from any amendment of the law looking toward more rigorous enforcement. The committee has under advisement some other important matters, such as the arrears of real-estate taxes and the general problem of the revenue from water works, reports on which may be expected in the near future. The reports of the mayor's municipal commission are especially noteworthy because of the facility with which the recommendations affecting the special situation in New York City have been enacted into law. The result is, taking it all in all, that the system of local taxation, as practically administered in New York City, is superior to that in any other of the American municipalities.

Unofficial aid in the study of New York City tax problems has been rendered by the Chamber of Commerce, through a committee on state and municipal taxation which has been in existence for some time, and which has made some interesting reports.[2] It has been the custom of

[1] Advisory Commission on Taxation and Finance, Committee on Taxation and Revenue; Reports submitted at meeting of May 9, 1905 (New York, 1905—43 pp.); Report of Mr. Purdy on the Personal Property Tax, 1905 (New York, 1905—31 pp.): Report of Committee on Taxation and Revenue, December, 1905 (New York, 1905—37 pp.); Report of Committee on Taxation and Revenue on Personal Property Taxation, 1907 (New York, 1907—9 pp.).

[2] Reports of the Committee on State and Municipal Taxation of the Chamber of Commerce of the State of New York: Report on the Stranahan Mortgage Record Tax (1902); Report on the Corporation Tax Bill (1902); Report on a Plan for Reducing Taxation (1902); Report on the Taxation of Mortgages (1902); Report on the Taxation of Mortgages (1903); Report on the System of Taxation of New York

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this committee for some years past to publish from time to time a condensed analysis of the New York system of taxation with comments upon its defects and suggestions for its improvement. As the chief topic of public discussion for several years has been the taxation of mortgages, we find accordingly that several reports are devoted to this subject. New York, like most of her sister states, up to within a few years ago nominally taxed mortgages under the general property tax; in actual practice, however, mortgages were very seldom reached. After long agitation, a law was enacted, in 1905, exempting mortgages from the property tax, assessing them at a flat rate lower than the general rate of the property tax, and providing for an adequate enforcement of the new measure. As a result, mortgages were now, for the first time, really reached. This led, however, to such an agitation throughout the state that, in 1906, the annual mortgage tax was replaced by a tax on mortgages levied only when the mortgages are recorded. The reports of the Chamber of Commerce, which helped to bring about this result, declare its preference for a complete exemption of mortgages from taxation, but signify its willingness to accept as a compromise the recording tax which has now become law.

Of perhaps more influence than the reports just mentioned in helping to secure the repeal of the annual mortgage tax in New York was a report published by the New York Tax Reform Association, and prepared by the secretary, Mr. Lawson Purdy.[1] In order to settle once for all the question as to the incidence of a tax on mortgages, Mr. Purdy selected certain counties in New York and certain adjoining counties in Massachusetts, where, as is well known, mortgages have been exempted from taxation since 1881. He also chose certain counties in Pennsylvania where mortgages are actually taxed under a separate law. Statistical tables compiled from the mortgage records show conclusively that in New York the liability to possible taxation under the old law (providing for a tax on mortgages as a part of the general property tax) increased the rate of interest by a mill and a half in some counties and by three or four mills in others. These figures represent what is virtually the premium of insurance against the risk of assessment. The tables show, moreover, that the annual mortgage tax of 1905, which

(1903); Report on the Taxation of Mortgages (1904); Supplementary Report on the Taxation of Mortgages (1904); Report on Tax Measures Pending in the Legislature (1905); Report on the Taxation of Mortgages (1906).

[1] Mortgage Taxation and Interest Rates: Abstracts of mortgage records in certain counties of New York, Massachusetts and Pennsylvania, illustrating the effect of the new annual mortgage tax law. New York Tax Reform Association, 1906.—19 pp.

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was actually assessed on all mortgages, increased the rate of interest by slightly more than the amount of the tax. It may be added that tables which have been prepared since the repeal of the annual tax and the enforcement of the recording tax show that the rate of interest has again proportionately fallen. The figures in New York thus furnish a complete corroboration of the conclusions that have been reached in other parts of the country. It is to be expected that the recording mortgage tax, which has been unusually successful as a revenue producer during the short period of its existence in New York, will gradually find its way to the various states of the Union, and thus put to rest a troublesome agitation throughout the country.

II

The state tax commission reports have been more numerous and of more importance. During the past three years we have had no less than seven, or, including the province of Ontario, Canada, eight important reports; and most of them have appeared during the past autumn and winter.

The report of the New Jersey commission[1] deals almost exclusively with the subject of the taxation of railways. The revenues derived from railways and other corporations have long since been more than sufficient to defray all of the state expenditures—although it is usually forgotten that the state has continued to levy school taxes which are subsequently returned to the localities. New Jersey is therefore not, as is commonly supposed, an example of the separation of source in taxation. It has been claimed, however, chiefly by the municipalities, that the local assessment and taxation of railways under the general railroad law were grossly unfair; and while the commission was appointed to consider the whole subject of taxation, this aspect so engrossed the attention of its members that they have virtually devoted their whole report to it. The difficulty of the problem is shown by the fact that only a bare majority of the commission has agreed upon a report and that each of the other members has formulated dissenting views.

The New Jersey system of railway taxation is somewhat complicated. By the law of 1884 a state board was created to value all railway property used for railway purposes. The property was divided into four parts, viz: (1) the so-called main stem, consisting of the road bed, not exceeding one hundred feet in width, and the railroad stations;

[1] Report of the Commissioners appointed to investigate the subject of Taxation in New Jersey. Trenton, New Jersey, 1905.—170 pp.

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(2) the rest of the real estate used for operation, ordinarily described as the second-class property; (3) the remaining property, real and personal, of the railway; and (4) the franchise. The state board was to fix the valuation of each of these classes and to impose a tax of one-half of one per cent, all of which was to go to the state. In addition to this tax, second-class property was also to be taxed at the general local rate (not to exceed one per cent), and the revenue from this additional tax was to go to the localities. In 1897, as a result of the report of the tax commission of the same year, the state relinquished to the localities the additional one-half of one per cent tax on the second-class property, reserving for itself only the tax on the main stem, the personal property and the franchises.

The report of the commission of 1905 recommends, in the first place, that the rate on the main-stem property be increased, and that, in lieu of being taxed at the old flat rate of one-half of one per cent, it be henceforth taxed at the average of the local rate throughout the state. It is further recommended that the proceeds of this additional tax—*i. e.*, the surplus over the one-half of one per cent rate—be turned over to the municipalities. Again, the commission thinks that the second-class property, although still to be assessed by the board, should be taxed at the full local rate for the benefit of the localities. And it is further recommended that, so far as the personal property of railways is concerned, the personalty possessing a situs be valued by the state board for the benefit of the localities, and that other personal property continue to be taxed as heretofore.

While this report is able and interesting, it will not be of much value outside of the state limits; for the system of railway taxation and of apportionment between state and localities which has grown up in New Jersey does not seem to have recommended itself to any other commonwealth. The appendices contain a history of the various tax commissions in New Jersey and a conspectus of the constitutional and statutory provisions governing the taxation of railways throughout the American states. The dissenting reports of the individual commissioners are somewhat vague. The value of one of them may be inferred from the fact that it maintains that a remedy for all evils may be found in the "thorough listing of all personal property."

It may be added that the recommendations of the commission were adopted, so far as the second-class property is concerned, by the so-called Duffield act of 1905. But this did not satisfy public opinion, and in 1906 the system was again changed in several respects. Second-class property was now to be assessed by local assessors like other

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property. Changes in the system of taxing the main stem were now also adopted, in conformity with the recommendations of the commission; that is: (1) the main stem was redefined so as to exclude stations; (2) the rate was increased from one-half of one per cent to the average rate of taxation throughout the state; (3) the proceeds of the old one-half of one per cent rate were retained by the state, and the surplus was distributed to the counties and school districts. The law of 1905 had abolished the old state board of taxation and had substituted a new board of equalization of taxes, which has since made annual reports on the subject. The law of 1906 established, in addition, county boards of taxation, which, it was hoped, would contribute to the improvement of the system of local taxation. This, however, is a forlorn hope. The new broom of 1905 swept clean for a time, indeed, and personal property assessments were put up with great jubilation on the part of the board; but the report of 1906 shows the usual result. Whereas in 1905 the personal property valuations were 14.05 per cent of the whole, in 1906 they had fallen to 13.34 per cent. It is the same old story, and it is accompanied by the same old comments; for we read in the governor's message the plaintive remark: "What is needed for the settlement of taxation problems is less theory and more good old-fashioned ten-commandment honesty." In one respect, however, the last report of the New Jersey board of equalization is valuable, in that the board, taking advantage of an act of 1903, now intends to make separate assessments of land values and of improvements, except in the case of farming property. The net result of the whole agitation in New Jersey is that the local bodies now tax railways on a portion of their real estate, while the commonwealth taxes the rest of the property, a part of the proceeds of which is returned to the localities. But even thus the cry for "equal taxation" is not silenced, a cry which results from a popular failure to perceive the fundamental defect in the theory that the general property tax is applicable to individuals and corporations alike.

The conditions in Ontario, Canada, are so similar to those obtaining in our states that the problems of taxation are closely analogous. The commission appointed to consider the general question of railroad taxation accordingly made a thorough study of the situation in the United States. The report[1] (which, it is understood, was written by Professor Shortt) is an able presentation of the subject, giving a concise survey

[1] Report of the Ontario Commission on Railway Taxation, 1905. Toronto, 1905.—219 pp.

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of the various systems employed in the American commonwealths and arriving at the conclusion that the best method of taxation of railroads is that of assessing them on their gross receipts. In an appendix, which many will deem the more valuable portion of the report, is found a presentation in detail of the systems of railroad taxation in the typical American states, containing not only an account of the methods themselves but all manner of comments and criticisms, previously published or orally communicated, on the part of tax commissioners, railroad representatives and students of taxation. It is interesting to observe that the commission rejects the scheme recently introduced in Michigan, and known as the Adams-Cooley plan, as being both unscientific and unpractical. The Ontario report will, in all probability, long remain a model of its kind on the particular subject with which it deals.

The Oregon report[1] is a pleasant surprise. Oregon has, of recent years, attracted the attention of students of taxation because of the fact that this commonwealth was the first to accept the plan of avoiding the evils of a state tax on real and personal property without incurring any of the disadvantages which usually attend a complete separation of source between state and local revenues. In other words, Oregon was the first to adopt, in principle at least, the scheme whereby state expenditures are to be defrayed by contributions imposed upon the counties in proportion to local expenditures instead of local valuations. This scheme has, indeed, not been thoroughly carried out, for two reasons. In the first place, Oregon has also sought to secure additional revenues from the so-called indirect taxes, that is, special taxes on corporations and inheritances, as a result of which only about two-thirds of the state revenues have come from the property tax, apportioned according to the new method. Secondly, the law of 1901, which put the scheme into operation, apportioned the state property tax to the counties according to a table of fixed percentages without reference to either valuation or expenditure. The system of apportioning the taxes according to expenditures is not to go into effect until 1912. Moreover, the system is not to be carried out in all details. From the official expenditures are to be deducted certain classes of expenditure, like those for roads, for interest on debt, for court-houses and for fighting pestilence; and the apportionment itself is to be made according to county expenses instead of total expenses within the county. A fuller consideration of this important matter will be reserved for another time and place, at-

[1] Report of the Board of Commissioners appointed under the provisions of chapter 90, law of 1905, for the purpose of examining and reporting on matters of Assessment and Taxation. Salem, Oregon, 1906.—332 pp.

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tention being here called only to the fact that, under the existing Oregon system of apportionment, the dependence of a state upon the general property tax is robbed of its chief objection, namely, the tendency of each county to undervalue property in order to escape its burden of state expenses. It is this part of the Oregon report which will attract, and deservedly attract, the interest of students and legislators.

In other respects also, the Oregon commission shows that it is thoroughly up-to-date and well acquainted with the best opinion on the subject. It discusses the general property tax, and arrives at the conclusion that it is impossible to reach personalty by the present method of taxation, and that no change in the method of administering tax laws of the present type can alter this result. The commission does not draw the inference that personalty as such should be exempt, but concludes that the personal property tax should be abolished and that personalty should be reached by the development of a system of state taxes on corporations. Such a recommendation is most interesting, marking perhaps the most advanced point that has yet been attained in publications of this character. The commission is also of the opinion that much more can be done with the inheritance tax, but it refrains from radical recommendations because it has not had time to work out this proposition fully. The main features of interest, therefore, in this able and well-written report, will be found (1) in the proposed substitute for the personal property tax, in the shape of state taxes on corporations, and (2) in the system of apportioning contributions to state revenues according to local expenditures. How far the first recommendation has any chance of success at the present time is doubtful, since one out of the three commissioners submits a minority report in which he argues for a continuance of personal property taxation. In fact, in the legislature which has just completed its session, all the minor recommendations of the commission were adopted, but the attempt to substitute state corporation taxes for the personal property tax was not successful.

The California commission was fortunate in securing as its secretary Professor Plehn, who is correctly described in the report as an "expert on taxation and public finance." This has resulted in a report which is in many respects the clearest, most logical and best proportioned document on taxation which has yet emanated from any of our states. The commission issued, in the autumn of 1906, a preliminary report,[1]

[1] Preliminary Report of the Commission on Revenue and Taxation of the State of California, August, 1906. Sacramento, California, 1906.—71 pp.

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submitting its tentative recommendations to criticism, as a result of which the final report[1] at the close of 1906 contains some not unimportant alterations.

California is in the situation of most of the industrially less developed American states. Although its constitution is perhaps not so rigid as those of most of the other commonwealths, its system of taxation is the same: it relies for both state and local purposes upon the general property tax. The report gives a well-considered analysis of the present revenue laws, with short comments on their operation, showing the inequalities in the assessment of real estate and the almost complete failure to reach personalty. The commission recognizes the fact that the first step in any reform is to bring about a separation of the sources of state and local revenue, and it proposes to accomplish this by securing the state revenue primarily from taxes on corporations. It takes up in turn the different classes of corporations and discusses the principles involved in the taxation of each class. It is this part of the report which will be valuable even to those commonwealths which have already reached the point of separation between state and local revenue. In fact the California report may be declared to be in substance a treatise on the taxation of corporations from the American point of view. Almost one hundred pages are devoted to the taxation of railways alone, treating in detail of the various methods employed in this country. This chapter, while not based upon the conclusions of the Ontario commission, is nevertheless in substantial agreement with them, recommending the taxation on gross earnings in preference to the Michigan-Wisconsin plan. Other chapters take up in turn street railways, express, car, telegraph, telephone, light, heat and power companies; while minute attention is paid to banks and insurance companies. Here as elsewhere the report gives a complete summary of the situation in the several states of the Union, and we observe that Professor Plehn has put to good use the researches which he conducted for the federal government and which have appeared in the recently published special report on "Wealth, Debt and Taxation." An interesting chapter is that on the taxation of franchises, in which a distinction is made between the various kinds of franchises, both general and special, with appropriate conclusions as to taxation. In considering this matter, however, it must be remembered that the historical development of the franchise situation in California has not been precisely the same as elsewhere.

[1] Report of the Commission on Revenue and Taxation of the State of California, 1906. Sacramento, California, 1906.—296 pp.

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Some of the recommendations of the commission have been adopted in the proposition for a constitutional amendment, which has passed the legislature; and the commission has been continued for another two years, in order to prepare the legislation which may seem appropriate when the amendment, as is confidently expected, shall have been adopted by the people.

Like so many of her sister states, California stands on the threshold of the reform of taxation. The commission of five is a unit in recommending the changes which it proposes; but the real difficulty will begin, and the outlook for unanimity will be far more problematical, when the next step has to be taken and the difficulties of the local property tax have to be met. There is no doubt, however, that the ground must first be cleared; and California is to be congratulated in having presented this phase of the situation so lucidly and so thoroughly. With two such reports as those of California and Oregon, there is reason to be hopeful as to the progress of reform. Our problems of taxation are in many ways different from those found in Europe, and the California report will render far more easy the task of the writer who shall attempt to construct a science of finance on American principles and for the use of American students and legislators.

The wave of reform noticed in Oregon and California has reached the state of Washington, as is shown by the first report of the newly created board of tax commissioners.[1] The state of Washington now takes its place by the side of New York, New Jersey, Wisconsin and Michigan[2] as the home of a permanent tax commission whose periodical reports are more than formal in their character.[3] The Washington re-

[1] First Biennial Report of the State Board of Tax Commissioners of the State of Washington, for the period ending November 1, 1906. Olympia, Washington, 1906. —357 pp.

[2] The first two reports of the Michigan and Wisconsin commissions have been previously noticed: POLITICAL SCIENCE QUARTERLY, XVII, 177, and XIX, 710. The third report of the Michigan commission appeared in 1905, and that of the Wisconsin commission in 1907. The Wisconsin report contains an interesting appendix of 120 pages, by Professor T. S. Adams, on mortgage statistics and taxation.

[3] To make the list complete, mention should be made of the First Biennial Report of the State Tax Commissioner of West Virginia for the years 1905–06 (Charleston, West Virginia, 1906—184 pp.); but as almost none of the rather radical recommendations of the West Virginia tax commission of 1902 (*Cf.* POLITICAL SCIENCE QUARTERLY, XIX, 710) were adopted by the state, the discussions in the report are chiefly of local interest. Much the same can be said of the annual reports of the tax commissioners in Connecticut, Maryland and Massachusetts, which have appeared for many years.

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port is very long and takes up a great variety of subjects, and while it is by no means so carefully written or so well proportioned as that of California or that of Oregon, it presents some cheering evidences of progress. The commission states that "the general lack of intelligent comprehension of the subject of taxation on the part of both laymen and legislators can only be regarded with astonishment and regret by one who seriously takes up the study and delves into its history." The commission shows that it has learned something from delving into the history, but it is tantalizingly reticent in its general conclusions. It declares itself "unanimous in its conclusions as to the best, most equitable and economical revenue system, to be ultimately worked out for the state"; but it fears that radical suggestions at this time will fail of success, and it therefore contents itself with a more modest program.

Like the other commissions it agrees that "the general property tax is inadequate to meet modern business conditions," and it suggests a constitutional amendment to admit of the possibility of classifying property and taxing the various classes at different rates. This it thinks especially important when dealing with the so-called public-utilities corporations. The commission holds that the constitutional provisions found in most of the newer states which attempt to tax corporate like individual property "can be attributed to a lack of intelligent information upon the subject of taxation, and the result has been just the opposite of what was intended and expected." In the discussion of the "bare-foot school boy law"[1] the commission gives us a glimpse of what it considers one of its final ideals. It thinks that the difficulties of personal property taxation can only be partly remedied by a state board of equalization and contends that "the best results will only be obtained by the separation of the state from local taxation."

When it comes, however, to the reform of local taxation, there is a difference of opinion in the board. Two of the members believe in taxing moneys and credits at a separate rate of one-half of one per cent. It may be noted, incidentally, that they misconceive the nature of the new mortgage tax law in New York, which is not, as they suppose, an annual tax on value, but a recording tax paid once for all. The third

[1] This law provides for raising annually a sum of money equal to $10 for every child of school age in the state. The tax is levied on general property, and when the money is collected it is then pro-rated back to the counties and school districts in proportion to the attendance of children in the common and high schools. The intent of the law was to make the richer districts contribute to the support of the poorer ones. The result of the act is naturally to cause the richer districts to reduce as much as possible the official valuation of their property.

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commissioner, however, desires the absolute exemption of all moneys and credits from taxation and pictures in glowing colors the beneficial results which would ensue. The report contains other interesting material; as, for instance, a clear table showing the methods of taxing railways in the different states. Perhaps the most novel part of the report is the discussion on the budget, for this subject has not heretofore been considered in any of the state reports. The commission concludes unanimously that the system of separate funds found in so many of our Western states is completely wrong; and it advances some valuable suggestions about the depositary laws in the various commonwealths. That the report, however, has not been thoroughly thought out in all respects is evidenced by the recommendation on page 177 that a more stringent law be enacted for the listing of personal property —a recommendation which is in flat contradiction with most of what has preceded. The Washington report, therefore, is interesting primarily as an indication of the infiltration of some of the newer ideas into the minds of our western administrators. That the work of the commission has borne fruit is shown by the very recent passage of two laws, of which one exempts from taxation all moneys and credits, and the other affects the handling of public funds.

The report of the Missouri commission,[1] although short, is nevertheless important. The commission is a unit in agreeing that the first step in any tax reform is a separation of the sources of state and local revenue. It therefore discusses this proposition only, showing its advantages and recommending the adoption of a constitutional amendment to render such a separation possible. In accordance with this recommendation, a constitutional amendment, providing also for the possibility of local option in taxation, has been introduced into the legislature, and has just been enacted into law. Thus Missouri has fallen into line with Minnesota and the other states which have recently adopted similar constitutional amendments. The effective discussion of the real problems of taxation can begin only after this first step has been taken. From this point of view the Missouri commission is to be congratulated upon its wisdom and self-restraint.

Not so much can be said of the Massachusetts committee,[2] which had

[1] Special Message of Governor Joseph W. Folk concerning Reform in Taxation, including a Report of the Tax Commission, January 17, 1907. Jefferson City, Missouri, 1907.—11 pp.

[2] Report of the Joint Special Committee on Taxation, appointed to consider the expediency of legislation in amendment of or in addition to the general laws relating to taxation, January, 1907. Boston, 1907.—136 pp.

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full power to treat comprehensively of the whole subject of taxation, but which has avoided the deeper problems and contented itself with suggesting only superficial remedies. Apart from two brief passages, in the first of which the committee recommends the merging of the present collateral inheritance tax into a direct inheritance tax with rather low rates, and in the second of which the committee suggests the imposition of a tax on the transfer of stocks, all the substantive recommendations deal with the question of the taxation of corporations.

In the treatment of this subject the committee must be regarded as a continuation of the committee on corporation laws of 1902, whose admirable report of 1903[1] dealt in great part with the taxation of corporations, containing the history of the system, a statement of the then existing law and a criticism of its practical operation. The report of 1903 was also especially noteworthy for its detailed digest of all the various state laws on the taxation of corporations. As a result of the recommendations of that committee, the law of 1903 virtually split up the general corporation tax into three parts, dealing separately with street railway companies, with other public-service corporations, and with commercial and manufacturing corporations in general. The system of taxing the "corporate excess," as it is called, has given rise to much discontent. But even here the new committee does not go to the root of the matter: it does not recognize the fact that the Massachusetts plan is substantially a continuance, with some slight modifications, of the discredited *ad valorem* system of taxation. The committee contents itself with suggesting that future bond issues should be taken into account when considering the value of the corporate franchise, which is now estimated on the basis of the capital stock alone. It has some suggestions to make regarding the distribution of the taxes on certain public-service corporations, the inclusion of express companies, and an increase in the "excise tax" on foreign corporations. It also recommends that the corporate franchise tax received from mercantile corporations be distributed to the localities, no longer in accordance with the antiquated rule of the residence of the shareholder, but in accordance with the new rule of the situs of the goods, wares and merchandise. Few people will be found to agree with the rather self-satisfied conclusions that "the method now in operation in Massachusetts is superior to the methods in operation in the largest and most progressive of the other states." In fact, as a discussion of the general problems

[1] Report of the Committee on Corporation Laws, created by Acts of 1902, chap. 335. Boston, 1903.—306 pp.

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of taxation, the report of the committee of 1907 cannot compare with the earlier Massachusetts reports. Two minority reports, one on the taxation of intangible personalty, the other on the general tax system, dissent from the conclusions of the main committee that no great changes are needed. There is also a supplementary report in which a single member recommends a removal of the exemption of college property from taxation. On the whole, the Massachusetts report will be of only local interest.

The report of the New York tax commission[1] suffers from the same mistake that was made in the organization of the Massachusetts committee, in that the commission was composed of fifteen members. So large a body is likely to contain representatives of such widely varying views as materially to increase the difficulty of reaching a unanimous conclusion on any matter of real importance. This difficulty was realized at the outset, and the New York report is therefore composed of two parts: the main report, which was unanimously adopted, and supplementary reports presenting the different views of various groups. As the writer of this review was a member of this commission also, the notice will here be confined to a summary statement of what was actually accomplished.

The New York report differs from most of the preceding reports in that it seeks to attack fundamental problems. For this, New York is in a peculiarly fortunate position, for it has reached the point which is still the objective in most of the other states namely, that of separation of state and local revenues. In magnitude also the state as well as the local revenues in New York far exceed those of any other commonwealth. The first series of questions discussed in the report pertain to the state revenue. While two of the state taxes—those on inheritances and on corporations—are found in many other commonwealths, New York possesses three other taxes of great importance, the liquor license, the mortgage recording tax and the stock exchange tax. The liquor license yields altogether about $20,000,000 a year, one-half going to the state; the mortgage tax yields $4,000,000 to $5,000,000; and the stock exchange tax over $6,000,000. The liquor license and the mortgage tax are passed over by the commission as now calling for no further discussion. They are accepted parts of the New York system. The stock exchange tax is discussed in the light of a proposition to extend it to produce and other exchanges. The fullest treatment

[1] *Report of the Special Tax Commission of the State of New York, transmitted to the Legislature January 15, 1907.* Albany, 1907.—189 pp.

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is accorded to the inheritance tax. The commission unanimously recommends the adoption of a system of graduation with rates considerably higher than exist anywhere else in the United States at the present time. Finally, the system of taxing corporations in New York is admitted to be sadly lacking in uniformity. As the revenues derived are, however, very considerable, the commission refrains from making any recommendation for a thorough-going revision of the system, preferring at present to concentrate its attention upon the other and larger aspects of the tax problem.

The commission states that the three fundamental problems of taxation now before the people are: first, the relation of state, inter-state and national taxation; second, the relation of state and local taxation; and third, the reform of local taxation. As regards the first point, the commission discusses the situation in the light of the recent utterances of President Roosevelt, recommending national income and inheritance taxes. Decided ground is taken against the suggestion of a federal inheritance tax, which would deprive the states of one of the chief means of securing tax reform. Attention is also called to the growing evils of double taxation arising from inter-state complications, and the commission recommends the creation of a permanent body to deal with such problems.

When it approaches the relation of state and local revenues, the New York commission reaches a crucial point. It is not generally recognized that the demand for the so-called separation of state and local revenues involves a slight confusion of ideas or at all events a somewhat inaccurate nomenclature. The aim of the so-called "separation of source" is to prevent locally assessed property from being utilized also as a source of state taxation, the evils attending this situation being widely recognized. It is, however, not so generally perceived that this is a different question from that of imposing state taxes, part of which may then be returned to the localities, as is the case with the liquor license in New York and with many corporation taxes in other states. If the former system be called "separation of source," the latter system might appropriately be called "division of yield." The system of division of yield may have disadvantages of its own, but they are quite different from the difficulties which are sought to be averted by the separation of source. The division of yield calls up two problems which now face New York, and which before long will face all the other progressive states. The one is how to secure sufficient revenue for local purposes; the other is how to regain in the state budget the elasticity which is lost as soon as the state abandons reliance on general property. As

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regards the question of adequate local revenue, the simplest plan indeed is to have a separation of state and local taxation, with local option on the part of the localities to tax or to exempt from taxation whatever classes of property they see fit. Where, however, this seems to be a political impossibility, the only other plan calculated to attain the end proposed is to adopt the principle of division of yield; that is, to levy high state taxes on special kinds of property or business and to turn over some of the surplus to the localities. This is the plan recommended by the New York state commission, chiefly for the reason that it was impossible to secure unanimous agreement for the other plan. When we come to the subject of elasticity there are again two possible plans. The one is to confine the state revenue to the strict needs of the state government and to introduce elasticity through the system of apportionment according to expenditures, as in Oregon. But where this scheme also seems impracticable as a political measure, the only alternative is to provide for a broad margin in the state revenues, and to arrange for a periodical distribution to the localities of the surplus above a certain figure. This plan again was unanimously adopted by the New York commission, although individual members doubtless preferred the other scheme. But elasticity in some form we must have.

The final point of general importance to which the commission addressed itself was the reform of local taxation, and more especially the reform of the taxation of personal property. It was here that the commission was unable to agree, although it did unite in a scathing arraignment of the present system. "A general property tax upon the owners of personal property," we are told, "is everywhere, by legislators and economists alike, pronounced to be under modern conditions ineffectual, and therefore inequitable and unjust." And another passage speaks of "the unworkable and inequitable personal property taxation with all its anachronisms and absurdities." In the light of these statements it is remarkable to find a supplementary report signed by about half of the members of the commission, recommending a more rigorous enforcement of the present system of local property taxation. This suggestion, however, which is prefaced by an exceedingly short discussion, is only half-hearted; for the commissioners almost plaintively remark "that unless relief is found by the taxation of personal property in the way we suggest it will be found in some other and perhaps some more objectionable way." A second supplementary report recommends a state income tax; while the third and longest supplementary report argues against both of the preceding suggestions and recommends the adoption of a local-option scheme, which will permit

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localities to exempt personal property from taxation. While the signers of this last report would have been willing to accept the local-option scheme pure and simple, it was recognized that in the existing state of public opinion in New York such a plan is not feasible. The report accordingly proposes, under the local-option clause, not the complete abolition of the personal property tax, but an additional substitute for personal property taxation in the shape of a graduated habitation tax.

Whatever be the fate of its recommendations, the report is of interest as indicating the class of problems which will press for solution in the various states of the union when they reach the point which has already been attained by New York. It requires but little discernment to see that before long New York will have reached legally the position which it now occupies practically, namely, the break-up of the old general property tax and the abandonment of the idea of reaching the individual rather than the thing to be taxed. As a matter of fact, the state taxes of New York are to-day levied upon corporations, transfers and other economic agencies and processes, while local taxes are virtually confined to real estate, without regard in either case to the individual who owns the property or who gives rise to the economic phenomena. New York has departed from exclusive reliance on the idea of individual faculty and has become a good exemplification of what the present writer has elsewhere called the social utility theory of taxation. What remains to be done, is to round out the law, to make it conform to the facts, and to see that the example of New York is followed by her sister states. When that is accomplished, we shall finally have a system of taxation in harmony with the demands of modern life.

EDWIN R. A. SELIGMAN.

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REVIEWS

Au Japon et en Extrême-Orient. By FELICIEN CHALLAYE. Paris, Armand Colin, 1905.—iv, 267 pp.

Paix Japonaise. By LOUIS AUBERT. Paris, Armand Colin, 1906.—xii, 351 pp.

La Chine novatrice et guerrière. By Captain D'OLLONE. Paris, Armand Colin, 1906.—viii, 319 pp.

Le Siam et les Siamois. By E. LUNET DE LAJONQUIÈRE. Paris, Armand Colin, 1906.—358 pp.

The Far Eastern Tropics. By ALLEYNE IRELAND. Boston and New York, Houghton Mifflin & Company, 1905.—vii, 339 pp.

In what has come to be called "world politics" there are no questions of greater interest or importance than those connected with the great Chinese empire. Isolated for so many centuries from the rest of the political world, and believed by most Europeans to be unwilling, if not unable, to make the reforms in her institutions necessary to preserve her integrity and ensure her progress, she narrowly escaped dismemberment in the last decade of the nineteenth century. She has apparently been saved from this unhappy fate by Japan, her great Asiatic rival and the first among modern peoples to show her to the world in all her weakness. In view of the history of Japan and her economic interest in the settlement of the Chinese question, if it may be so called, few will believe that Japan has finished her work. It is on this account that the books under review, written by Frenchmen, who, because of the Asiatic possessions of France, are deeply interested in the future of China, can hardly fail to interest the American reader. Furthermore, these books, although not apparently written with a common purpose, at the same time supplement each other in so remarkable a manner that the reader lays them down with a feeling that he has almost an expert knowledge of the great Chinese question.

M. Challaye's *Au Japon, etc.*, is in the main a record of the impressions produced upon a more than ordinarily intelligent tourist and a cultured and liberal minded man by a short stay in the Far East

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particularly in Japan. Apparently the most vivid impression which he has received is that the Japanese have not really adopted occidental culture and civilization. M. Challaye does not mean to be understood, when he says this, as agreeing with so many foreigners who have lived in Japan, when they say that the Japanese have merely a veneer of western civilization; for he is a great admirer of Japan and things Japanese. What he means is that, notwithstanding their proficiency in acquiring Western methods, the Japanese have remained distinctly an oriental people in their feelings and aspirations, and that they have borrowed from Europe and the United States what seemed to them necessary, simply with the idea of making themselves so strong as to prevent the possibility of the "white disaster," as they call it, which has overtaken India and other Asiatic countries conquered by Europeans.

While M. Challaye's work is devoted for the most part to social and artistic Japan and gives little space to the consideration of political questions, these latter questions take up the major part of M. Aubert's *Paix Japonaise*. The first part of this work is devoted to "Japanese expansion" and treats in four chapters of the late Russo-Japanese war, the relations between Japan and China and the United States and the struggle for control of the Pacific. Both M. Challaye and M. Aubert believe that Japan intends, so far as in her lies, to preserve the Orient for the orientals, and that her immediate end is the reconstruction of China in somewhat the same way in which she has reconstructed herself during the last fifty years. M. Aubert calls attention to—and borrows the title of his book from—a speech of Okuma, in which the phrase "a Japanese peace" was employed in somewhat the same way in which the ancient world spoke of the *pax Romana*. While projects so ambitious are apparently out of proportion with Japan's economic resources, M. Aubert thinks that long steps have already been taken toward the realization of this program, particularly as regards the strengthening of the Japanese influence in China. If we may believe what he tells us, there are numberless Japanese schools all over China in which Japanese teachers and Chinese teachers educated in Japan are imparting the new learning to the Chinese, both adults and children, and the Chinese are displaying the same thirst for this learning which the Japanese showed fifty years ago. And the Japanese are not confining themselves to a campaign of education. They are endeavoring to increase their commerce with China in all ways possible; and it is more than suspected that they were the cause of the Chinese boycott on American goods which caused such a stir about a year ago.

The plans which Japan is said to cherish embrace, according to M.

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Aubert, not only a China of radical reforms but a China militant—an idea which is even harder to reconcile with the current European notion of the Chinese character. It is with the purpose of disabusing the Occident of its present misconceptions of China that Captain d'Ollone has written his book, *La Chine novatrice et guerrière*, the title of which alone is sufficient to cause one interested in Chinese questions to burn with desire to read it. M. d'Ollone devotes his first chapter to showing that our conception of a China in which peace has reigned from time immemorial is derived from insufficient knowledge. China has been really known to Europeans only for two centuries, during which time China has had no occasion to be warlike, because almost all parts of the earth that could be of use to her had been subjected to her influence. From a review of Chinese history M. d'Ollone attempts to prove that prior to two centuries ago China was both warlike and innovating. Other chapters are devoted to showing that the eyes of the present rulers of China have been opened both to the dangers confronting the empire as a result of the events of the last few years and to the success with which Japan has met and overcome similar dangers; that China is becoming militant again to save herself; and that in so doing she is finding herself forced to break with past traditions. One point upon which M. d'Ollone lays great stress is that China, as the ordinary European conceives it, really does not exist. It is a geographical expression rather than a political fact. It is a part of the world in which various nationalities possessed of different religious views have been held together at different periods in their history and particularly during the past two hundred years by the loosest possible political ties. Still, China is in a sense a country, and the Chinese a people; and since, according to M. d'Ollone's view, the history of China and of its people resembles very closely that of other countries and peoples with which we are familiar, he believes that China has not been, is not and will not be in any way excepted from the laws governing the political evolution of other peoples. His conclusion therefore is not to judge hastily of China, of which he thinks we know very little. "China," he concludes, "is like the rest of the world. Let us act in regard to her as we do in regard to other countries. Let us study her before we judge her."

Almost the only other Oriental country, besides Japan and China, which has succeeded in preserving its independence against the European, is Siam. Therefore the description of present conditions in that country, as given by Count de Lajonquière in *Le Siam et les Siamois*, falls into line with the main topic under consideration in this notice.

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De Lajonquière's book is indeed for the most part given up to a description of a journey taken across country from Bangkok to Rangoon in Burmah, and it is therefore of prime interest to the intending traveller or to the reader of books of travel; but it is also of interest to us as showing how the ferment of the West is working everywhere through the East. In the first chapter, which is given up in large degree to a description of political conditions, attention is directed to the extent to which western ideas have influenced and are now influencing the conduct of affairs in the kingdom. But in Siam as in both Japan and China, the oriental seems to be adopting western ideas not because he believes them to be superior to his own but because he feels that only through the power acquired by means of western science will he be able to escape the fate which has befallen his brothers in India and in Java. The Orient for the oriental seems to be the explanation of all that is being done at the present time by the oriental in the Orient.

While the books, to which attention has already been directed, are devoted to a consideration of the methods adopted by the oriental to escape European domination, Mr. Ireland's *Far Eastern Tropics* is given up to a study of the methods adopted by the more important European nations for the government of those portions of the East which have fallen under their sway. The only important countries to which no attention is given are Ceylon and the great empire of India, which, with the exception of Burmah, is not regarded by Mr. Ireland as a part of the far eastern tropics. As regards Burmah, Mr. Ireland thinks that it should be transferred from the jurisdiction of the Indian government to that of the secretary for the colonies, that its connection with India is a positive disadvantage, and that the transfer which he proposes would be accompanied by almost the same advantages which followed the putting of Ceylon into the position of a "colony." His reasons for his view are that Burmah is geographically, racially and from the religious point of view a part of the China-Malay rather than the Indian group of states.

Mr. Ireland's purpose in writing the book seems to have been to show that, if we may judge from the experience of other European nations in the government of their possessions in the Far East, the United States has adopted an inexpedient and an improper policy in its treatment of the Phillipines. Mr. Ireland complains that our policy there is at the same time selfish and idealistic. It is selfish in that, notwithstanding the repeated appeals of the Philippine commission, Congress has refused to accord to Philippine commerce relief from the

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burden imposed upon it by our present tariff laws. It is idealistic and lacking in common sense in that it bases itself on the idea of the brotherhood of man at all times and under all conditions and, with this conception in mind, attempts to treat the Filipino as if he were a white man with centuries of experience and achievement back of him. Consequently we are attempting to put the cart before the horse: we are trying to improve the intellectual condition of the Filipino before we have improved his economic condition. The result is an extremely expensive governmental system, which the Filipino, in his present economic condition, finds it difficult to support. So long as this policy is pursued, no great hope for the future can be entertained; since, after paying the expenses of the present system, few if any means are available for the economic development which the islands so sorely need. Mr. Ireland thinks also that our policy is adopted in large measure because of our ignorance of what has been done by other nations similarly circumstanced; and he considers it to be remarkable that, in view of our success in Cuba, we should have muddled things to such a degree in the Philippines.

Apart, however, from his strictures upon our Philippine policy, Mr. Ireland's book is a valuable contribution to the literature of an important subject, particularly of the more recent phases of that subject. It is accompanied by a statistical appendix, showing the area, population, finances, trade and shipping of the dependencies which are under examination in his book, as well as by a bibliographical appendix containing lists of the most important works upon the subject. A third appendix contains a number (eight in all) of tables taken from the Philippine census. Mr. Ireland's book is one which no one interested in colonial problems can afford to neglect.

F. J. GOODNOW.

Britischer Imperialismus und englischer Freihandel zu Beginn des zwanzigsten Jahrhunderts. Von G. VON SCHULZE-GAEVERNITZ. Leipzig, Duncker und Humblot, 1906.—477 pp.

In the recent British fiscal controversy many of the most telling arguments of the fiscal reformers were admittedly derived from the works of such German writers as Roscher, Wagner and Schmoller. Those members of the reform party who were chiefly interested in the establishment of a unified British empire pointed to the example of German statesmen who created an empire through the means of a customs union; those whose chief aim was the restoration of the principle of protection, compared the wonderful progress of Germany with the

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relative stagnation of Great Britain. Accordingly much interest attaches to the opinions of German scholars as to the desirability and practicability of British fiscal reform. The work under review is especially important because of its author's thorough understanding of British industrial conditions and because of his sympathy with British ideals and his admiration of the British character.

The purpose of Dr. von Schulze-Gaevernitz is obviously to give a philosophical explanation of British imperialism rather than a detailed account of the movement toward fiscal reform. He does, indeed, discuss in a masterly way the arguments for and against a reversal of the traditional policy of free trade. He dismisses, as without foundation, the contention that British industry is declining. The increased importation of manufactured goods from Germany and the United States, he shows, is in large measure the result of an adjustment by which the most highly developed nation confines itself to the final processes of manufacture, leaving to less fully developed nations the work of furnishing crude and half-manufactured products. He admits that "dumping" is in many cases an evil requiring state intervention, but he thinks that by an extension of the principles of the Brussels sugar convention this evil may be checked without recourse to so drastic a remedy as a protective tariff.

An imperial Zollverein Dr. von Schulze-Gaevernitz regards as utterly impracticable. None of the self-governing colonies would be willing to abandon their rising manufacturing industries to the mercies of British competition. Preferential tariffs may attach the different parts of the Empire together by bonds of mutual interest, but any such arrangement is less likely to benefit the mother country than the colonies. Great Britain may consent to levy discriminating duties in favor of colonial raw products, but the colonies will in all likelihood refuse to grant material concessions to the exporter of British manufactures.

By a careful examination of the conditions of the leading British industries our author reaches the conclusion that as an industrial nation Great Britain cannot afford to abandon the policy of free trade. But Great Britain is no longer to be regarded as predominantly an industrial nation. A new interest, the financial, already overshadows the industrial interest. The great promoters with their following of speculators and investors threaten to deprive the industrial kings of their power, as the latter at an earlier date overthrew the landed magnates. Now, the financier is not directly interested in the maintenance of free trade. Indeed, so far as he is engaged in promoting colonial enterprises, he is willing to see England assume a heavy burden of taxation

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to increase colonial prosperity. And it is obvious that the most fruitful field for the promoter lies in the colonies. This is the economic basis of modern British imperialism.

But it is not to be understood that Dr. von Schulze-Gaevernitz is content with a bald economic interpretation. The economic interpretation of history is something which he can not tolerate. Imperialism existed as an ideal before economic conditions made it popular. Cecil Rhodes, whom our author selects as a type of the British imperialist, was actuated in the main by non-economic motives. The building of an empire was the end he had in view; the accumulation of wealth was but a means.

Is the British empire a possibility? All depends upon the *Weltanschauung* of the future Briton. What originally made England a great nation was its idealism. A pure religion trained the Briton to shape his conduct with a view to the extension of God's kingdom upon the earth. This was what made him toil unremittingly; this was what made him bring up a large family to carry British culture beyond the seas; this was what bound him to those of his own race. With such a foundation for his civilization, the Anglo-Saxon of to-day would no doubt find a way to overcome the difficulties that now make the plan of a British world empire seem chimerical. The Puritan ideals have, however, disintegrated. If nothing is found to take their place, not only does the empire become impossible, but even "Little England" is bound to decay. Luxury will increase; population will decline; England will become a land of idle recipients of interest, with a crowd of equally useless flunkeys in their service. Only one thing can rescue England from this fate: German idealism!

The foregoing summary may suffice to indicate the author's point of view; it can of course give no idea of the skill with which Dr. von Schulze-Gaevernitz defends his novel position. Most of us believe that the practical affairs of Anglo-Saxondom go on with very little reference to any particular ideals, and that they will continue to do so for the future. Still, if any one wishes to be convinced that the contrary is true, he will find much in this book to facilitate conviction.

A few minor errors may be noted. On page 187 it is alleged that the United States government has tried in vain to prevent Americans from emigrating to the Canadian Northwest. Possibly this has reference to efforts of southern states to divert the emigration toward themselves. On page 249 there is an allusion to an indemnification of Spain for Cuba. This, of course, refers to the payment of $20,000,000 for the transfer of the Philippines; and this was merely the amount of a debt

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charged on the Philippines which the United States refused to recognize. On page 229 our author makes the Isthmian canal zone extend ten miles on each side of the canal, instead of five. "Humanics" (p. 152) is a somewhat novel substitute for "the humanities"; nor is the German translation, "Studium der Geisteswissenschaften," wholly satisfactory. It is difficult to see why the fact that American grain is transported in summer by way of the St. Lawrence, Canadian grain in winter by way of the American railroads, should present any obstacle to the preferential treatment by England of Canadian grain (p. 190). The author seems here to overlook the existing system of transportation in bond. American readers will hardly agree with the author in his view that British shipbuilding is seriously threatened by American competition (p. 542). He seems to overestimate the influence of the advocates of shipping subsidies.

ALVIN S. JOHNSON.

THE UNIVERSITY OF NEBRASKA.

The Arbiter in Council. London, Macmillan and Company; New York, The Macmillan Company, 1906.—vi, 567 pp.

An advocate of peace, the "arbiter," is supposed to call his friends into council, for the purpose of discussing the situation in the world and the possibility of doing away with war. The conference is opened by the "arbiter," who reads a paper on war, its causes and consequences. This is followed by papers by certain of his companions on modern warfare, private war and the duel, cruelty, perpetual peace and the federation of the world, arbitration, the political economy of war, and Christianity and war. The discussion is supposed to run through seven days. Some of the papers contain much useful information, especially as to the gradual transformation of public opinion on the subject of war; and the reasoning is always clear and connected. The most interesting chapters are those on the causes and consequences of war, private war and the duel, cruelty, and perpetual peace and the federation of the world. The least satisfactory chapter is that on arbitration. The theory of arbitration is well analyzed, and the nature of the process is well explained; but very little information is afforded as to what has been accomplished by this method of settling international disputes. We are told that "a French author, who enumerates 177 cases of international arbitration between 1794 and 1900, finds that Great Britain took part in seventy, the United States in fifty, France in twenty-six, and Germany in none at all." The "French author," whoever he may be, is, if correctly cited, altogether mistaken.

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His list of 177 cases is necessarily to some extent spurious, as the number is not so large; and the statement that Germany has taken part in no arbitrations is erroneous. In 1884 an arbitral agreement was concluded between Germany and Chile, for the adjudication of claims. The claims were afterwards directly settled, but the tribunal was organized, and the fact that it afterwards became unnecessary for it to pronounce decisions detracts nothing from the participation of Germany in the proceeding. In 1895 the claims of German subjects against Hayti were disposed of by means of a mixed commission. In 1890 Baron Lambermont, minister of state of Belgium, decided as arbitrator the differences between Germany and Great Britain as to the island of Lamu. Not long previously, the Fiji land claims of German subjects were adjusted, not indeed by a board of arbitration, but by an Anglo-German joint commission. These observations render it appropriate to add that the present volume is especially strong on what may be called the antiquarian side. It also treats fully of certain questions connected with or growing out of the Boer war. Its gravest defect is due to its author's apparent lack of acquaintance with authentic American sources of information as to the actual progress of international arbitration in recent times. He is not the only writer that has been misled by publications whose inaccuracies may most charitably be excused as emotional; but it is to be regretted that, in a work containing so much instructive matter, a more serious attempt was not made to present arbitration's latest and greatest achievements. The use of the volume would be much facilitated if it had an index.

J. B. M.

Queen Elizabeth and the Levant Company. With Twenty-six Fac-simile Illustrations of Manuscripts and other Interesting Plates, from Manuscripts in His Majesty's Public Record Office, the Manuscript Department of the British Museum, and the Archives of Venice, *etc.* By H. G. ROSEDALE. Oxford University Press, 1904.—92 pp.

According to the data here printed, the Levant Company (formed by the union of the earlier Turkey and Venetian companies) had sent an elaborate present to Sultan Murad II, in the year 1594, and had secured the good-will and favor of the sovereign to a promising degree, in comparison with the position of the French and the Venetian ambassadors, when Murad died and Mehemet III succeeded to the throne. This unexpected event had among its results that "the giving of presents must begin again"; and this placed the English ambassador, Sir Ed-

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ward Barton, in an embarrassing position, since, in the words of Mr. Rosedale, "he was in constant danger of falling foul of the 'Turkey Company,' who paid his salary and who appear to have been more desirous of making large profits and avoiding all possible expenditure, than of securing, for the future, their position with the authorities at the Porte." But the agent of the company, as ambassador, must also "maintain friendly relations with the Sultan on the one hand and with the Privy Council . . . on the other." In order to meet these difficulties, Sir Edward "found it necessary to procrastinate," so that he might gain time to secure the all-important gifts and "to awaken in the minds of the authorities in England as much interest as possible in the new Sultan."

This volume presents a number of documents which show the diplomacy used by the agent of the company to accomplish this end. The chief of the cleverly devised schemes employed was "A narrative of the events which occurred in Constantinople on the death of the Sultan Murat and the accession of the new Sultan Mehemet, by Salomone the Jewish man"; by which Mr. Rosedale claims that Sir Edward had aimed to "awaken interest on behalf of the Sultan in the minds of the Queen and her advisers and to make it appear how great, powerful, noble, just and honourable he was and therefore how desirable an ally," with the hope of finally obtaining the assistance of the queen and securing a gift to the sultan in lieu of a duplication of the company's former gift. This document, Mr. Rosedale claims, is a false statement of the character of the sultan and his officials and therefore of the real conditions favorable or unfavorable to trade. To support his theory he presents the reports of the Venetian ambassadors to the doge and Senate of Venice, and extracts from Vigenere's *Histoire des Turcs*, from a manuscript in the British Museum (the source of Vigenere's information), from Sanday's *Travels*, 1658, and from Knolles's *History of the Turks*, 1603.

The documents are so arranged by the editor as to constitute an interesting narration of the events from the bestowal of the first gift by Sir Edward Barton upon Sultan Murad to the final success of his plan in 1599. The first gift is described in a ten-page extract from Hakluyt's *Voyages*. The other documents printed are the despatches giving information of the death of the sultan; the Italian document, reproduced in twelve plates and translated; the Venetian records referred to above; letters from Sir Edward Barton to Walsingham and to Sir Thomas Heneage, urging the bestowal of a gift by the queen; documents of similar content by the Levant Company and Dr. Parkins; and the letters

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finally secured from the viceroy and from the sultan asking for an English embassy in Constantinople.

The account in Italian by the "curious Jew" is the central theme of the book. It is characterized in the preface by Mr. Rosedale as "a piece of 'doctored' or spurious historical literature" and is well described as "a subject eminently germane to the interests of the Royal Society of Literature." But its interest ceases when one enters the field of history, for however curious, interesting, novel and quaint it may be, and it certainly partakes of all of these characteristics, as an historical document it is by no means valuable. The manuscripts printed as subsidiary and explanatory do afford data of importance, especially the "Account of the shipping and trading to Turkey," printed in Appendix C, and the difficulties of diplomatic relations experienced by these companies are thus well illustrated.

It is to be hoped, however, that the obscure reference made in the preface to the publication of the material for the "surrounding history" is a promise that the hundreds of documents of and referring to the Levant Company, calendared in the State Papers Domestic, may soon be made available for the use of students of this part of the greater and more important movement for trade through corporations. Furthermore, the letters, documents and petitions reported by the Historical Manuscripts Commission; the charters, standing ordinances, penal and otherwise, among the Harleian Manuscripts; the petitions, instructions and communications among the Cottonian Manuscripts; and the correspondence, of which a small part is here published, in the Additional Manuscripts of the British Museum—all these stand clamoring for publication and use as historical material.

The volume before us is attractive in form, of quarto size, typographically artistic and printed on heavy paper, with twenty-six beautiful line cut reproductions of the various manuscripts and of the arms of the company, the latter also appearing in gilt on the covers. While the type is large and excellently clear for rapid use, as should be the case in all reprints of records, the failure to distinguish in type between the text of the documents and the comments of the editor seems to be a serious defect, defeating any attempt to review quickly either the documents themselves or the comments upon them. Furthermore, no references are given to the manuscripts, and even their location is either not stated or is only mentioned, by way of remark, in the text of the comments. To identify these manuscripts would therefore be most difficult, if not impossible.

SUSAN M. KINGSBURY.

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Correspondence of William Pitt with Colonial Governors. Edited under the auspices of the National Society of Colonial Dames by GERTRUDE SELWYN KIMBALL. New York, The Macmillan Company, 1906.—Two volumes: lxix, 445 and 502 pp.

These volumes furnish another among the many evidences which are accumulating in these days of the purpose of educated Americans to put themselves into possession of the sources of the national history. The mere amateur, or the inquirer who is bent solely upon a local or personal quest, no longer monopolizes the field. Such activities continue, as is indicated by the announcements which appear quarterly in the *American Historical Review*, and are to be welcomed and encouraged to every reasonable extent. But organized effort, directed toward broad and comprehensive results, is already the object of chief attention. The eighteenth century is still the period which most needs exploration, and foreign archives are the repositories where many of its secrets lie hidden. Every well directed effort to publish material that shall in any degree remove the obscurity which hangs over that period of our history is to be most warmly approved.

Miss Kimball has carefully edited, with notes and an introduction, the letters which passed between Pitt and the governors, generals and admirals who were employed in the American service during the years 1757 to 1761 inclusive. As she observes, a part of these letters had been printed before, but they were scattered among many collections. Some also related only to routine affairs, but these she has usually outlined instead of printing in full. It is to be regretted that the inclosures, which in very many instances accompanied the letters from America and which abound in detailed information concerning war and trade, could not also have been printed. They would have supplied a more full and vivid picture of conditions, but would doubtless have increased the bulk of the publication beyond what under the circumstances was practicable. As they stand, the letters in many instances give only the dry outlines of military preparations and of the movement of forces in campaigns, the details of which are among the most familiar in American history. As a matter of course, the official tone predominates and by means of it the real significance of personalities and events are sometimes greatly obscured. From the formal, though urgent, instructions which Pitt sent to the military officers and governors, and from the letters of thanks as well which were dispatched in recognition of victories won, the reader finds it difficult to picture the fiery nature of the minister and the zeal with which

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affairs were then being conducted. Wolfe figures very modestly in these pages. His heroic exploit and death at Quebec—the very turning point of the struggle and the one event which raised it quite above the commonplace—are dismissed with two brief and formal references. Amherst, on the other hand, whose path to success—good officer though he was—was opened by the achievements of the men at Quebec, occupies the foreground and receives in many letters the warm praises of minister and king.

In the light of subsequent events, the most significant material in these letters is that which refers to the indifference of the assemblies in several of the middle and southern colonies to calls for troops and supplies, and that in which the trade of the colonists with the enemy is described. On May 1, 1758, Forbes wrote:

> The Province of Maryland have been extremely dilatory in their proceedings, nor do I yet find that they have come to any Resolution about granting Supplies. At the end of last Year they voted their Troops should be disbanded, by which Fort Cumberland and that back Country must have fallen into the Enemy's Hands.

But Loudoun took them into the king's pay, and they were kept on the frontier. On the sixth of the following September Forbes wrote again:

> I acquainted you likewise of the suspicions I had of the small trust I could repose in the Pennsylvanians in assisting of me with any one necessary [*i. e.* necessity], or any help in furthering the Service that they did not think themselves compelled to do by the words of your letter to them.

In May, 1759, Governor Dobbs of North Carolina relates how his assembly had utterly failed to make the expected appropriation. Other similar instances might be cited. As on so many earlier occasions, the system of requisitions, even in the form under which Pitt applied it, broke down in the colonies which did not stand in immediate danger of the enemy's attack. But in the fervent letters of Pownall and the reports of Governor Fitch appears the record of the noble exertions of Massachusetts and Connecticut, colonies which had long suffered from French and Indian attack. The efforts of New York were also praiseworthy.

The earliest reference which appears in these volumes to trade between the colonists and the enemy—one of the most serious evils with which the British government was forced to contend in this war—will be found in a circular letter of Pitt, dated August 23, 1760 (II, 320),

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in which he warned the governors of the existence of such trade on a large scale and in widely separated regions, and ordered them to investigate and report. There had been earlier correspondence on the same subject, which is not printed here, and all necessary legal steps had been taken to prohibit the trade. Rhode Island and Pennsylvania were chiefly involved among the continental colonies, but the British West Indies and Ireland had also yielded to the temptation. The trade was carried on largely under so-called flags of truce, which were sought and permitted under the pretext of securing exchanges of prisoners. Replies to Pitt's circular letter on the subject from the governors of nearly all the continental colonies appear in this volume. Though they contain far less than all the evidence which exists on the subject, they are sufficient to prove the reality and seriousness of the evil. Governor Denny of Pennsylvania was corruptly involved, while the judge of admiralty in that province assumed an attitude which obstructed prosecutions. The employment of the men-of-war for the purpose checked the trade to a considerable extent, but it did not cease till the close of the war. The magnitude of the evil was such that it operated as a potent cause of the more stringent commercial and imperial policy which was inaugurated by the British government as soon as peace was concluded.

HERBERT L. OSGOOD.

The Development of Freedom of the Press in Massachusetts. By CLYDE AUGUSTUS DUNIWAY, Associate Professor of History in Stanford University. (Harvard Historical Studies, Volume XII.) New York and London, Longmans, Green and Company, 1906. —vii, 202 pp.

American constitutional historians were long in the habit of beginning their treatment with 1787 or 1776, or possibly 1763, dismissing the colonial period with the assertion that Greater Britain lived under so much of the common law and later parliamentary statute as was suited to the situation of colonies or had been expressly extended to them. The development of a native American constitutional law is a study involved in great difficulties by the comparative inaccessibility of its materials, most of them unprinted, many of them across the water. But the experience of a century and a half of colonial legislation, of interacting popular representation and imperial administration, must not be ignored if the American Revolution is to be understood and if the foundations of American law are to be accurately ascertained. Recent years have seen industrious exploration of that portion of the

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field which concerns the public powers. But the private rights and immunities, for whose preservation government exists, have received little attention. These "liberties of the subject" are, however, among the most characteristic fruits of our constitutional development, and Mr. Duniway here presents a most satisfactory account of one, perhaps the most vital to our "government by public opinion."

The obscurity of the subject has compelled the author to limit his treatment to Massachusetts, but his horizon is not narrow. In text and footnotes the reader is constantly kept informed of the contemporary development in other colonies, and from the first he realizes that Massachusetts is the child of England as well as of separatist Puritanism. The English Puritans, in their controversy with Laud over his use of the various agencies of control, desired not free discussion but toleration of their own writings; and they insisted that control should be exercised by Parliament, not by the king. "Following therefore the ideas prevalent in England at the time, the people who undertook the settlement of Massachusetts did not conceive that there was any legal right of freedom of discussion." Heresy must be stamped out, public morality secured. "Any relaxation of their control would have seemed a surrender of liberty to licentiousness." From this point Massachusetts traveled its own road to the goal of freedom. Its course was doubtless influenced by the simultaneous development at home, but was not controlled by that development; at times it even led the way.

The story of this gradual transition is drawn out of thirty or more cases, all the way from Endicott's expulsion of the Brownes in 1629 to Commonwealth *v.* Blanding in 1825. The Massachusetts archives, the council records and several court files; all in manuscript, have yielded hard-won treasures for this illuminating narrative of obscurities. Here and there, however, we find an old friend. Roger Williams, that rock of offence to contemporaries and historians alike, is "justly revered as one of the great founders of American religious freedom." But as for his expulsion from Massachusetts, we are told that it was by his course of conduct in regard to the oath, the land-titles and other *civil* affairs that he "brought upon himself the sentence of banishment"—"the penalty for outspoken and persistent freedom in differing from the majority of the magistrates and ministers."

Until 1662 there was no license law. The spirit of free inquiry had been banished, and informal supervision by the magistrates and the college president was found sufficient to keep innocuous the issues of the press. The exigencies of conflict with the Restoration government

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brought about the establishment (1662) of an official censorship; and on the abrogation of the charter (1684) the system was continued in changed hands, the governor's instructions from that time till 1730 bidding him allow no printing without his "especial leave and license first obtained." So the timid Boston *News-Letter* (1704), pioneer of American journalism, was glad to take shelter under an *imprimatur:* it was "published by authority." But in the absence at first of a political press, this "authority" was rather ecclesiastical than constitutional. With the relaxation of social control that resulted from the mixing of eighteenth-century commercialism with seventeenth-century Puritanism, the censorship was exercised with less and less strictness and regularity; now and then for partisan purposes, but for the most part as an outworn instrument of conservatism against what the old school sorrowfully regarded a "licentious" press.

The political crisis of Shute's administration gave a finishing blow to the obsolescent practice. In the dispute concerning the king's woods the governor's prerogative as licenser was successfully defied by the House, and his request for a statutory licensing power was definitely refused. Finally, in the case of James Franklin and his *New England Courant* (1723), which on one occasion reflected upon the conduct of the legislature itself, the order for Franklin's punishment was evaded, the *Courant* continued to appear without license, and the attempt to indict Franklin therefor failed. "Restrictive censorship passed away."

The last three chapters present a suggestive summary of the process by which the revolutionary and constitution-making period developed the perfect freedom of the press and founded it upon guaranties of fundamental law; also of the infusing into the severe law of libel of a liberal spirit corresponding to current practice. After a generation of conflicting judicial decisions and abortive attempts at legislation, the final outcome was the act of 1827, which made lawful the production of evidence of truth as a defence to prosecution for libel, but not as justification except when it should be made to appear "that the matter charged as libelous was published with good motives and for justifiable ends." The common-law doctrine, accordingly, was not abrogated, but "had been modified to such a degree that the rights of authors, printers, and publishers were adequately secured, though at the same time they were not released from responsibility for their acts."

The author's fidelity to scholarship's law of evidence is notable. Bulky foot-notes not only fortify the text with abundant citations, but often supplement it with additional material which might properly have been worked into it. The style is clear, and free from the annoying

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encumbrance of unexplained allusions, so frequent in monographic history. It is a book which forms a worthy part of a valuable series, and which, besides being useful to the student, will probably prove acceptable to the "general reader."

HENRY R. SPENCER.

PRINCETON UNIVERSITY.

Twenty Years of the Republic, 1885–1905. By HARRY THURSTON PECK. New York, Dodd, Mead and Company, 1906.—viii, 811 pp.

The author of this book, as is well known, is a literary man rather than a technically trained historian. In preparing his work he has not endeavored to conform to scientific methods. His aim has been to give the general reader an interesting account of the period covered; he has made no effort at proportion; and he confessedly repeats stories of questionable authenticity for what they are worth. As an instance of the lack of proportion may be mentioned the fact that he devotes forty-two pages to the operations against Manila during the Spanish-American War and only twelve pages to all the rest of the conflict. Much of his space is allotted to personalities; he introduces an entire chapter, called "Memories of the Past," in which he characterizes the eminent men who died in the years 1885–86; and, in general, he has a keener eye for striking and picturesque incidents than for the merely important. The method has its advantages; and the average reader will not complain because the writer describes in detail such trivial but interesting episodes as the excesses of the representatives of the press in erecting a pavilion opposite the cottage in which President Cleveland was spending his honeymoon and from thence with field glasses watching the happy couple "so as not to lose the slightest detail which a bold-eyed curiosity could discover." On the other hand, the method is such as in some degree to justify the remark of a well known historian, that the title of the book ought to be changed to "Twenty Years of My Emotions."

Given the method used and the difficulties in obtaining trustworthy information upon so recent a period, it is, of course, inevitable that the book should contain some errors of fact and of conclusions. It would have been safer to say, on page 13, that a candidate such as Charles Francis Adams "might possibly have won" in 1872, than to say "could probably have won," for at that time Grant still had a powerful hold on the people. It is a rather strong statement to say (p. 53) that Cleveland's first cabinet was abler than any since the time of Lincoln;

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for that of Hayes, including as it did such men as Schurz, Evarts, McCrary and John Sherman, was certainly as able, if not abler. A military critic would be inclined to question whether Grant won his campaign back of Vicksburg "by a close adherence to the established rules of warfare" (p. 105). Colonel Dodge says of it, in his *Birds-Eye View of Our Civil War:* "Altogether it has been a strange military manœuvre, which success will justify, failure utterly condemn." The final announcement of the election of Hayes was not made "two days" but one day before he was sworn in (p. 116); for, although the fact is not generally known, the oath was secretly administered to him at the White House on the night of March 3. The account of the cipher dispatches (pp. 117–119) is in several respects inaccurate. British Guiana was ceded to England in 1814, not in 1810 (p. 413). It is incorrect to say (p. 715) that the insurance disclosures "in essence justified" Judge Parker's charge concerning the selection of Mr. Cortelyou as head of the Republican National Committee. The "essence" of Judge Parker's charge—as the writer of this review personally heard him make it—was an insinuation that the president consciously selected Mr. Cortelyou because his knowledge of corporation secrets put him in a favorable position to blackmail the trusts. That trusts made contributions to the Republican campaign fund was admitted by Mr. Roosevelt, but no disclosures, neither the insurance nor any other, have ever justified Judge Parker's insinuation. Some persons would probably be inclined to criticise the statement (p. 720) that the strife between New England abolitionists and the Southern slave owners "set back the birth of a true nationalism for three-quarters of a century." A passage on page 723 seems to imply that the "solid South" was first broken by Roosevelt in 1904, whereas both Kentucky and West Virginia were carried by McKinley in 1896. The date given (p. 738) for the socialization of the Democratic party by Mr. Bryan is evidently a typographical error. On the following page it is incorrect to speak of "Johnson's refusal to enforce the reconstruction acts"; and it is equally misleading to imply that presidential power was strengthened during his tenure of office. The date given on page 753 for the first appearance of the first two volumes of Rhodes's history—1898 instead of 1893—is doubtless another typographical error. Exception might also be taken to some of the author's portraits of statesmen. Probably most readers will be inclined to think him unduly enthusiastic over Arthur. Considering his antecedents, Arthur conducted himself very creditably; for the responsibilities of the office, as the son of a president who once removed him from office has remarked,

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"sobered him"; but it may well be doubted whether he will ultimately be held to have been as much of a statesman as Hayes, who is referred to somewhat sneeringly.

Although on these and on some other matters—mostly trivial—the reader will feel an occasional impulse to rise up and disagree, there can be no question that the author has succeeded in what he has undertaken. His characters appear as living and breathing human beings; his story is told with genuine literary skill; and he has given us a reasonably accurate and extraordinarily interesting account of the period covered—an account which for some time to come is likely to be the best available, and which, in its power to convey an actual idea of the times, will probably remain superior to nine-tenths of the books written by the so-called "scientific historians," who are so anxious not to create a wrong impression that they frequently succeed in creating no impression at all. If the scientific historians could manage to impart to their narratives some of the good qualities contained in Professor Peck's book, there would be less truth in the familiar saying that "a novelist is one who writes about fiction in such a way as to make it seem fact, while a historian is one who writes about fact in such a way as to make it seem fiction."

PAUL LELAND HAWORTH.

CLEVELAND, OHIO.

The Law of Railroad Rate Regulation, with special reference to American Legislation. By JOSEPH HENRY BEALE, Jr., and BRUCE WYMAN. Boston, Wm. J. Nagel, 1906.—lii, 1285 pp.

The regulation of railroad rates concerns many phases of trade, economics and law. But as Professors Beale and Wyman have chosen to deal only with the law of the subject, it is fair to judge their work from a lawyer's view-point.

The first fourth of the text discusses the "fundamental principles governing railroad service." This exposition might aid students of political economy unfamiliar with the legal aspects of railroad corporations, but is of doubtful value to practitioners. The allotted space does not permit an exhaustive treatment of these principles, which are more adequately handled in several other text-books; and the authors intrude some assertions not supported—and in some cases not supportable—by citation of authorities.

The meat of the matter is contained in books ii and iii, respectively entitled "Regulation . . . in accordance with Common Law Principles" and "Regulation . . . by Legislation." These books form

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about two-thirds of the volume—860 pages. Of necessity, the two subdivisions overlap: many cases cited on the common-law side involve the interpretation of statutes, and the principles of common-law form the grounds of decision in many of the cases referred to in book iii. A happier heading might have been found for book ii, in which the authors have really set forth the elements that have been weighed and rejected or selected by the courts in arriving at criteria of the *reasonableness* of rates. This subject is treated progressively, and in the following order: (1) the reasonableness of the schedule as a whole, considering the capital invested, the due rate of return and the cost of operation; (2) the reasonableness of particular rates, including the cost and value of various services rendered under different conditions, the classification by and of commodities and the fairness with which it is made, the distance traversed, grouping of stations and establishment of basing points; (3) the prevention of discrimination between persons, commodities and localities; and (4) the conditions that warrant preferences in certain cases. So much remains to be decided before the principles of reasonableness can be justly and permanently established that, in this part of the work, we welcome the deductions and even the speculations of Professor Beale and his collaborator. We are grateful, too, for the evidences of diligent research displayed in the copious citations from tribunals of greater and of lesser dignity.

Book iii, "Statutory Regulation," gives a systematic view of existing state statutes, preceded by 200 pages on the federal Act to Regulate Commerce. The authors are to be thanked for the fulness with which the interstate commerce act has been treated. The rulings of the commission and of the federal courts have probably never before been so logically sifted and sorted. Discriminations between service rendered, commodities carried, and persons and localities served are again the main topics, with plentiful cross-references to the corresponding passages in the "common law" portion of the book. Next are taken up "Interchange of Traffic," "Schedules," "Organization and Functions of the Commission." Finally, "Procedure and Judicial Remedies" are expounded, the former with commendable thoroughness, the latter all too cursorily. The state statutes are instructively marshalled under the headings "Extortionate Rates," "Personal Discrimination," "Undue Preference," "Local Discrimination," "State Railroad Commissions" and "Court Review." The pages on "Validity of Statutes" are suggestive, but all will wish that these talented writers had gone deeper into this topic. The book ends with the interesting suggestion that Congress may possibly have no power to fix rates for interstate

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commerce, the power having always been assumed but never yet judicially affirmed. The case of Texas and Pacific Railway Company *v.* Abilene Cotton Oil Company, decided by the United States supreme court since the book was published, appears in part to answer the question. It holds, in effect, that the federal act has possessed itself of the entire field of interstate rate regulation, so that a suitor can no longer obtain redress by suit at common law, but can proceed only under the interstate commerce act. Beyond this it does not seem possible to go, unless the court shall also hold that the act covers every activity of interstate carriers and dislodges the several states from their power to regulate the intra-state rates of interstate carriers. When this has been decided, Congress will be well fortified in its power over rates.

An appendix containing the rules of the interstate commission and several forms used in practice before it will be valued by the practicing lawyer. The orderly table of contents is also to be commended. But Professors Beale and Wyman have been wofully betrayed by him who compiled the Index. Lawyers will be dismayed to find the text rendered so inaccessible. Alphabetical order is all but abandoned: witness under F, *Fl*, *Fr*, *Fo*; under H, *Hom*, *Hog*, *Hoo*, *Hol*, *Hor*, *Hon*; and under I, *Int*, *Inn*, *Int*, and *Irr*, *Iro*, *Iow*—the initial letters here cited occurring in each case in the order given. The indexer, with a fine sense of the concrete, lists Angle Beads, Astragals, Box Shooks, Dog Collars, Lemons and Raisins; but he utterly omits all the following titles—taken by the reviewer from the index to Judge Noyes's *American Railroad Rates*—Anti-Trust Statute, Density of Traffic, Elkins Law, Federal Regulation, Granger Movement, Intra-State Commerce, Publishing Tariffs, Reviews, Tariffs, all of them catch-words to essential matters; and he also omits Divisions, Hepburn Act, Fifth Amendment, Fourteenth Amendment, Pooling, Water Competition, though all these are considered in the text.

Pooling, taking into account its past history, its potential future importance and the many economic arguments in its favor, is most slightingly treated. The facts of some of the cited cases are carelessly stated. Typographical errors are in evidence. The table of cases contains the names of plaintiffs only, lacking the usual and helpful inclusion of the names of defendants. The impression left by the book is of hasty compilation and absence of just proportion. For these defects it may be proper to accept the author's prefatory apology; but lawyers will be glad when a second and revised edition is announced.

ROBERTS WALKER.

NEW YORK CITY.

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Regulation of Commerce under the Federal Constitution. By THOMAS H. CALVERT. Northport, N. Y. The Edward Thompson Company, 1907.—xiv, 380 pp.

This book is published as one of a series entitled "Studies in Constitutional Law." The preface states, however, and the references confirm the statement, that the book is based mainly upon an examination of decisions by the supreme court of the United States. A work of this character should be a digest having the merits which go to make an index valuable. It should be complete, brief, logically arranged and clearly stated. These merits the author cannot claim. Even the list of supreme court cases is not complete, and when the decisions of other courts are taken into account the book refers hardly to one-fifth of the reported cases. Of literature on his subject outside legal reports the author is apparently unconscious. The book offers no assistance therefore to a lawyer who demands a fairly complete knowledge at least of the judicial history of the subject.

As a critical commentary upon an important constitutional power the deficiencies of the book are still more conspicuous. The laws of a country, Priestley said in his lecture on history, are necessarily connected with everything belonging to its people; so that a thorough knowledge of the laws and of their progress would inform us of everything that was most useful to be known about the people; "and one of the greatest imperfections of historians in general is owing to their ignorance of law." It is no less true that one of the greatest imperfections of lawyers is to be found in their ignorance of history.

The law of a people is but a part of the record of the development of its institutions. Constitutional law in particular cannot be studied from a single source. Decisions of the supreme court tell but part of the story, and that part only to readers familiar with the place in history the decisions occupy and the conditions to which they were applied. The proposition requires no elaboration. The excellence of modern digests, however, makes compilation so easy that it is worth while, in the interest alike of writers and readers, to emphasize the fact that expansion of a digest does not make a law book.

There is a place for a critical examination of federal decisions, by a writer speaking from full knowledge of constitutional history to professional readers. That the present work does not fill this place might be indicated by citing its omissions; but this would involve the presentation of the matters omitted and the demonstration of their importance, and for such a procedure the frame of a book-review is too narrow.

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The unsatisfactory character of the book under review may, however, be indicated by the definition of federal jurisdiction which it offers. The results of the cases construing the power of Congress to regulate commercial intercourse, the author says "might justify more than a passing impression that it includes intercourse without any qualifying adjective" (p. 21). Again:

> It has been said that the very nature of the grant of power to Congress forbids any attempt at exact or comprehensive definition. Any definition, whether statutory or judicial, must necessarily be merely inclusive or exclusive. But the inquiry, who has the power to define the term commerce, is the first question in the search for a basic principle of constitutional interpretation, and it suggests the proposition that to the legislative department belongs the power to define the substantive grants of power contained in the constitution, except, perhaps, those powers which are granted to the executive department, and that to the judicial department is confided the power to determine whether the limitations and prohibitions prescribed by the constitution have been duly observed [pp. 23, 24].

This is certainly foggy and if not meaningless is wrong. As a whole, the book demonstrates again the uselessness of attempting to deal with questions of law—above all of constitutional law—by the use of proof texts. The constitution was the work of statesmen inspired by a definite purpose. Its meaning has been determined in more than a century of construction and application, and no book on the subject which ignores its purpose and history is of substantial value.

E. PARMALEE PRENTICE.

NEW YORK CITY.

Industrial Combination. By D. H. MACGREGOR. New York, The Macmillan Company, 1906.—vi, 245 pp.

The students of Professor Marshall have done much to justify his methods of analysis by showing their usefulness in the treatment of concrete problems. A year ago Mr. Pigou employed the apparatus of the *Principles of Economics* in his study of the *Principles and Methods of Industrial Peace*. Mr. Macgregor now uses the same instruments in his investigation of *Industrial Combination*, having drawn his material from the recent industrial history of this country and of Germany. Both of these works show a grasp of principles unusual in treatises upon their respective topics.

The present volume is divided into three parts. Part i, which is deductive in character, is devoted to a discussion of factors of com-

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peting strength, the separate chapters treating of productive efficiency, risk, bargaining strength, and resource. Part ii is descriptive and deals with the varieties and causes of combination. Part iii considers the effects of combination and certain questions of public policy to which they give rise.

A characteristic of most of the chapters is that they present results which have been arrived at by deductive analysis together with the facts and classifications found in the best descriptive investigations. The chapter on "Bargaining Strength" illustrates the method employed. In addition to a theoretical discussion of the conditions of success of a boycott, a compact statement is made as to the causes and effects of alliances between industrial combinations and banks, railroads, the press and legislatures.

Some felicitous distinctions are drawn. Combinations are divided into different orders: a combination of the first order is a consolidation of establishments within the same local center, which have access to the same external and internal economies; a combination of the second order is an amalgamation of those of the first order. A further distinction is made between vertical and horizontal combinations. In the former case a firm or corporation that has hitherto confined its operation to one stage in the whole process of supply engages in additional stages of the process. This particular form of combination is called integration. In the horizontal form of consolidation, to which the term combination is strictly applied, firms or corporations engaged in the same process are brought under one management.

Mr. Macgregor does not share the view of his compatriot, Mr. Macrosty, that cartels and trusts are stages in a movement toward socialism. The reasons for his dissent from that view are given in the third division of his book, and must be considered the least satisfactory part of his work. In default of a measure of the degree to which combination has already proceeded, he attempts to show the vitality of competition by instancing the increase in the number of establishments in the United States, from 1890 to 1900, as 44 per cent. He has obviously overlooked the explicit warning in the Census (vol. vii, p. lxiv) that no reliance is to be placed upon this estimate. He further argues that no inference in favor of the socializing of combinations is to be drawn from state administration of public service corporations, because the industries in which the problems of combination are pressing are unlike those that have already come into the hands of the public. But he had previously observed with approval (p. 36) "that Professor Hadley notes how in America the very large organizations are approach-

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ing the position of public services in respect of management and routine." A summary of his positive views is given: "If then the state cannot without danger either forbid or circumscribe, or by special inquisitional registration sanction the combination movement, there is left for it only the duty of ensuring that the movement will owe its success or failure to the action of the openest competition with other methods."

HENRY L. MOORE.

Staatliche Theorie des Geldes. By GEORG FRIEDRICH KNAPP. Leipzig, Duncker and Humblot, 1905.—viii, 396 pp.

This book by Professor Knapp of Strassburg, a scholar noted not for work in the field of monetary theory, but as an eminent authority on agrarian conditions, has aroused great interest in Germany. One of the author's principal tenets is that money is a creature of positive law, that is, of the state, and hence he calls his theory "staatlich"; but his meaning is best expressed in English by saying that his is a "legal" theory of money. He maintains that the theory of money must be based directly upon the facts in its legal history, and warns us that received explanations are not so founded. His argument is elaborated with the utmost care, as many as a hundred new technical terms having been fabricated in order to obtain the sharply outlined concepts which he deems necessary.

According to Knapp, the theorist must not define the monetary unit of value as such and such a weight of metal. Those who nevertheless insist upon so defining it he calls "metallists." The typical contemporary theorist is a metallist, and his doctrine in essence runs as follows: The ultimate definition of the German monetary unit, the mark, is the 1395th part of a pound of gold, for gold may be converted freely into marks at this rate by any owner of bullion. A price expressed in marks, or an obligation to pay marks, is thus really a call for such and such an amount of gold. In earlier times, indeed, the metal passed by weight, but for the sake of convenience and economy the state has stepped in and has provided official coins of which the weight is known. The value of the coined money unit is therefore to be defined as its metal content. To this point, says our author, the explanation is based on metal. The metallist solves all he can by his first catch-word "metal." Whatever remains he endeavors to solve by his second catch-word "credit." For, says he, the various supplemental forms of money are redeemable, by the state or by some allied institution, in the standard metal money. These, therefore, are credit representatives of metal.

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But the legal history of money is full of cases which this theory cannot account for, the most important being cases of the use of inconvertible paper as standard legal-tender money. Knapp regards as nonsensical, in the light of history, the occasional metallist attempt to explain these cases by the second catch-word. In history this form of money has certainly had a value which did not flow to it as a credit, or potential credit, representative of metal. Most metallists, however, explain—or rather fail to explain—these cases by characterizing them as anomalous, and by calling the paper money hard names. Paper may indeed be bad money; but even to be bad money, a thing must be money and deserves explanation by a theory of money. Explanation must not be confounded with commendation. By designating an important historical case as an anomaly, the metallist confesses that his theory is merely a partial one, a half-truth at best. No other science would tolerate such a dualistic theory.

Knapp's book is an attempt to give a correct and therefore above all a single or unified theory, which shall account for all monetary systems in the same way. His contentions may be outlined as follows: The value-of-the-money-unit-is-in-all-cases-whatsoever purely "nominal." Money, in order to circulate in exchange, must consist of concrete movable things, but the state may choose one material or another material to make its money. This choice is a secondary and non-essential matter, in the sense that the value of the unit is still nominal whatever material be chosen. The nominal character (*Nominalität*) of the unit of value is quite as demonstrable in the case of the gold standard with free coinage as in the case of the most veritable "fiat" paper money. Knapp says:

> My error was [at first] the same as that of almost everyone. I believed that value judgments could be made only when goods are compared with goods. How simple and clear this seemed! Now, however, [I see that] it can be maintained only that the first value judgments are formed in this way. Once this sort of judgment becomes common, it ceases to be necessary to compare goods with goods, and a value judgment can be reached by the use of a merely nominal unit. . . . Genuine paper money has been a real historical fact, but it is possible only with the acceptance of nominal units of value. Thus the nominal character of the monetary unit of value is as truly a matter of experience as the facts of history [pages 13, 14].

In order to show that a metallic-standard unit is in truth as nominal as any other, the author argues that all states have in fact defined the monetary unit only "historically," but lack of space forbids discussion of this point.

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Knapp does not deny that it is to the advantage of a state to adopt metal, and in particular gold, as the material of its money. He explains that the advantage consists in the steadied foreign exchanges obtained with states which use the same metal. Other methods of obtaining steadied exchanges are also possible, and the future may see their practical development. But except for this benefit to the state's foreign money relations, says Knapp, there is no superiority in metal money. This view of the author is due to his complete failure to understand the service of money as a standard of deferred payments. For evidence of this failure, see, for instance, pages 15 and 38–40.

Only those metallists who insist upon explaining the value of inconvertible paper on the ground that, in spite of its *de facto* inconvertibility, it is based on "credit" will have any difficulty in granting that at a given time a money may exist as a standard of prices, *i. e.*, as a measure of exchange values, without being composed of a valuable material or being based on one so composed. Knapp's insistence upon this possibility can hardly be regarded as a contribution to the theory of money. His view, however, that the value of the money unit is in all systems nominal—this is new. At least it is new in this definite and logical form. It seems to the reviewer, nevertheless, that the more discerning writers who (at least as precept makers) are "metallists" have impliedly held Knapp's view without using his terminology. The current propositions that "the value of money is not derived from the value of bullion, but the value of bullion is derived from that of money (except as it comes from manufactured products of bullion)," and that "the value of money is in no sense 'intrinsic,'" while they do not measure up to Knapp's statement in comprehensiveness, do contain nearly all the truth that is to be found in the "nominal" theory. Ricardo's famous statement, that paper money is money with a 100 per cent seigniorage, contains a strong suggestion that the value of inconvertible money and that of metal money come from the same kind of a source. Certainly it was recognized, before the appearance of Knapp's work, that the practical equality of bullion and "face" value of money depends upon (1) free coinage of bullion and (2) free melting down of a coinage maintained at full weight. That is, we long ago came to understand that the value of money is in no sense "intrinsic." If Knapp, in calling its value "nominal," means more than this, the surplus of meaning is not evident. Assuredly competent thinkers today recommend a metal money, in the interest of internal trade as distinguished from foreign trade, only because the comparative stability of the money supply is guaranteed by this device, and not because of devotion to any popular fallacies regarding intrinsic value.

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The reviewer is able to find nothing more, at bottom, in the author's concept of nominal value than legal-tender power, whether lodged in a material which possesses utility and exchange value as such, or in a material of no utility (see section 1, pages 1–20.) The term "nominal value" might suggest purchasing power lodged in a worthless material. But although among economists purchasing power is commonly recognized as the proper concept of "exchange value," the author of the *Staatliche Theorie* expressly abjures this notion for all purposes. However difficult the precise theoretical definition of this concept may be, it is mere nonsense to deny its necessity and importance. One therefore reads with amazement the following passages written by the author in explanation of his book:

> Whoever makes use of [the term "purchasing power"] merely helps to entangle a subject which can at best be disentangled with difficulty. . . . The purchasing power of money within the state is merely the reciprocal of prices. It changes, therefore, only as prices change, and these depend on bargaining power [*Machtverhältnisse*]. A general fall . . . or rise of the purchasing power of money *can no more take place than a general rise or fall of prices*.[1] . . . The requirement that money should preserve a constant purchasing power is a logical absurdity—[*logisches Unding*],[2] for it signifies that in all lines of business the bargaining power of the parties shall remain unchanged![3]

If the theory that the monetary unit of value is in all cases purely nominal signifies merely that the amount of legal-tender power conferred by the state upon pieces of paper or metal has no inherent or necessary dependence upon the physical mass of the pieces, the doctrine cannot be contested. To the reviewer it seems that all Knapp says reduces itself to this doctrine. Now if value of money be conceived as legal-tender power (*i. e.* power to pay obligations) expressed by names (*e. g.* marks, pounds, dollars) which the law defines in terms of physical mass, it amounts to an identical proposition to assert that the value of money is determined by the state and has no necessary relation to physical mass. The important and really difficult thing to explain is the principle which governs the exchange value or purchasing power of money. The purchasing power of the legal-tender unit over commodities—*i. e.* over definite quantities of goods—fades away

[1] The italics are the reviewer's.

[2] This, of course, not only makes nonsense of the quantity theory, but makes the attempt to construct any such theory nonsensical.

[3] *Jahrbuch für Gesetzgebung, Verwaltung und Volkswirtschaft*, 1906, pp. 1696, *et seq.*

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as the prices of these commodities mount. Knapp's statement that there cannot be a general rise of prices is absurd. By this mistake he has excluded himself from investigating the real question of interest in the field of inconvertible paper. The generally accepted doctrine on this subject would seem to be that a paper money, when once it has attained general acceptability as a circulating medium, through whatever historical circumstance (presumably an initial convertibility or possibility of convertibility), may possess a purchasing power or exchange value which will, other things remaining the same, vary inversely with the quantity of this money issued. Be this doctrine good or bad, a partial truth or all the truth, Knapp has not even reached a position for discussing it.

In spite of its defects, Knapp's work deserves the earnest study of every monetary theorist. It is especially to be commended for the high conception of theory it shows in rejecting all dualistic explanations. It makes out a strong case against many careless and superficial explanations found in contemporary treatises.

A. C. WHITAKER.

STANFORD UNIVERSITY.

Das Verhältniss der deutschen Grossbanken zur Industrie mit besonderer Berüksichtigung der Eisenindustrie. By Dr. OTTO JEIDELS. Leipzig, Duncker and Humblot, 1905.—271 pp.

The banks to which reference is made in the title to this monograph are the Deutsche Bank, the Diskontogesellschaft, the Dresdner Bank, the Darmstädter Bank, the Schaafhausenscher Bankverein, the Berliner Handelsgesellschaft and the Nationalbank für Deutschland. The various branches of the iron industry, the relations of which to these banks are especially considered, are the coal and iron mining industries, the production of pig and bar iron and steel, various industries in which iron or steel are the chief raw materials used, including the manufacture of railroad cars, the manufacture of machinery of all kinds, the electrical industries, and transportation by sea and rail. The purpose of the monograph is to show how in recent times, especially since 1895, the development of these branches of industry and of these great banks have gone hand in hand, each conditioning and influencing the other.

In the first chapter are treated the purposes for which industry in general and the iron industries in particular need credit and the capacity of the different classes of German banking institutions to supply it. In this connection are distinguished the functions of the banks of issue, in particular the Imperial Bank, and those of the great institutions of

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credit mentioned above. The former are particularly fitted to carry on what Dr. Jeidels calls the *Zahlungsverkehr*, and the latter to look after the various financial interests of great industrial concerns. The development of the organization of the banks to fit the changing needs of the industrial interests to which they cater, the peculiar advantages to industrial corporations of the various forms of bank credit and of the connection of the great banks with the Berlin stock market and with foreign industry and commerce, are clearly traced, as are also the relations between the increasing capacity of these banks to satisfy the needs of large industrial corporations and the extension of their connections in different parts of Germany and in foreign countries.

This latter topic is the special subject of a second chapter. The great banks have extended their connections by the establishment of branches and places of deposit, by becoming partners in private banking concerns, by alliance with provincial banking corporations and by the formation of special associations for the accomplishment of special purposes, the so-called *Trustgesellschaften*. The use made of these various means is described in general terms in the first part of the chapter, and in concrete form in connection with the history of each of the great banks in the latter part. The process of concentration in the banking business which has produced these great Berlin institutions is traced through four stages: (1) the disappearance of small banks, a process in which the provincial banking corporations played a leading rôle; (2) the absorption of the leading provincial banks by the large Berlin institutions; (3) the fight for supremacy between the great banks and the so-called *Mittelbanken* which, by means of their Berlin branches, attempted to compete with them; and (4) the establishment of common interests between the great banks themselves, resulting in the coalition of the Dresdner Bank and the Schaafhausenscher Bankverein.

In his third chapter Dr. Jeidels discusses the methods by which the great banks have formed their industrial connections, and the motives which have actuated them in so doing. Direct participation in the form of stockholding in industrial concerns, the exertion of influence and sometimes of partial control through *kontokorrent* connections, syndicate formation for the purposes of promotion or of marketing securities, and representation on boards of directors are each considered as means to this end and concretely as employed by each of the banks in the building-up of its industrial clientèle. A change in the policy of the banks in their attitude towards industry is noted as characteristic of the period since 1894, and is thus described: "In former periods the activity of the banks was directed towards inciting and encouraging

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industry, now it is directed towards the strengthening of industrial concerns. Not the *creation*, but the *control* and *guidance* of masses of capital are now the decisive things" (pp. 108, 109).

The last and longest chapter of the book is devoted to a consideration of the influence which the great banks have exerted on the development of industry. This topic is treated under four main heads: (1) The relation of the banks to industry in foreign countries; (2) their activity in the interests of individual concerns; (3) their influence in the building up of the great industrial groups of modern Germany, such as associations for the construction of street railways, the electrical industries group, and the so-called Loewe group, in which are connected together under practically a united control several important branches of the iron industry; and (4) their relation to the development of all branches of industry. Under this head are treated the part played by the great banks in the formation of the *Kartelle* or trusts, their relation to the West German coal and iron industry and to the development of the electrical industries, and finally their general industrial policy. In treating these topics the author has described some of the most interesting phases of the recent industrial development of Germany in a more concrete form than that in which they are ordinarily presented to American readers. The chief conclusion drawn from this part of his work is that in their development industry and the great banks have each profoundly influenced the other. In particular movements industry has usually taken the initiative, although there are many instances in which the banks have led. Their function has usually been to furnish the means to carry out the plans of industrial leaders and to act as their agents, but they have also been able to direct and frequently to control industrial movements at critical points. On account of their relations to the victims of the process of industrial concentration which has proceeded so rapidly in Germany during the last decade, the interests of the great banks have frequently been conflicting; but they have usually decided in favor of concentration and have given substantial aid to the process.

This monograph is one of the best, perhaps the best, of the group[1] to

[1] Some of the others belonging to the group are: Rudolf Banck, Geschichte der sächsischen Banken mit Berücksichtigung der Wirtschaftsverhältnisse (Berliner Dissertation, 1896); Dr. Felix Hecht, Die Mannheimer Banken, 1870–1900 (Leipzig, 1902); Dr. Emil Herz, Die Banken der Pfalz und ihre Beziehungen zur Pfälzer Industrie (*Annalen des Deutschen Reichs*, 1904, Heft 1 und 2); Karl von Lumm, Die Entwicklung des Bankwesens in Elsass-Lothringen zeit der Annexion (Jena, 1891); Adolf Weber, Die rheinisch-westfälischen Provinzbanken und die Krisis (Schriften des Vereins für Sozialpolitik, Bd. 110).

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which it belongs—a group which aims to describe in a concrete form the part which banking institutions play in our modern economy, and to indicate the important changes which have taken place in recent years in their functions and organization. American students would do well to adopt this monograph as a model. We need to treat the relations of our great banks and trust companies, particularly those of New York City, to the industrial development of this country in a manner similar to that employed by Dr. Jeidels. A few monographs of this kind would throw more light upon present-day monetary and banking problems than a score of theoretical discussions.

WM. A. SCOTT.

UNIVERSITY OF WISCONSIN.

Histoire de la Banque d'Angleterre. By A. ANDRÉADÈS, professeur agrégé a l'Université d'Athénes. Preface de M. CH. LYON-CAEN, membre de l'Institut, professeur à la Faculté de Droit de l'Université de Paris. Paris, A. Rousseau, 1904.—Two volumes: xxxii, 348, 320 pp.

Das englische Bankwesen. By EDGAR JAFFÉ. (Schmoller und Sering, Staats- und sozialwissenschaftliche Forschungen, Band xxiii, Heft 4.) Leipzig, Duncker und Humblot, 1905.—x, 245 pp.

It is somewhat remarkable that until this work appeared no complete history of the Bank of England existed. Of course, there are Francis's *History of the Bank of England*, McLeod's *History of Banking in Great Britain*, Turner's *Chronicles*, and Warren's *Story of the Bank*, but none of these treats of the subject in so detailed a manner, and no one of them is up to date. It is an interesting illustration of the international character of modern scientific literature that the only complete history of a great English institution should be written in French by a member of the faculty of a Greek university.

Professor Andréadès attempts in his work to give not only a complete and somewhat detailed account of the organization and operation of the Bank of England as it now exists, but also a full explanation of the forces in English economic and financial life which led through successive attempts to the present organization. The first volume covers the period from 1640 to 1819. The second comes down to 1904. This division of the material shows that comparatively little space is reserved for a detailed examination and criticism of the present organization. Indeed, the first volume and the first sixty pages of the second volume consist

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of what may be called a historical setting or a historical introduction. The first volume includes many details which an English writer would assume to be generally known. It is in large measure a financial and economic history of the times, and much of the narrative has little connection with the main subject. In the author's treatment of the South Sea scheme, for example, we have the details of a number of speculative projects of the time, we are treated to quotations of poetry, incidents connected with the fall of the company, the effect on public morals, and so on, through twelve pages. It is all very true, and the story is well told; but it has little to do with the development of the Bank of England. The history of the bank itself, as set forth in the book, is accurate, but the material is too familiar to students of monetary history to be very interesting.

The second volume completes the historical introduction and describes the present organization of the bank. The author gives a résumé of the usual points made against this organization, such as the danger of the single-reserve system, the evils of large and rapid fluctuations in the rate of discount, the objections to the double department organization, the alleged insufficiency of the English gold reserve, and so on. After this, he gives a brief history of various crises, from that of 1830 down to the Baring crash of 1890, and presents the various projects of reform elicited by the latter incident. Here the opinions of Goschen, Leroy-Beaulieu, Courcelle-Seneuil and others are well stated; but the author has little to contribute to the discussion.

The style of treatment seems to indicate that the work was, in the first place, a doctor's dissertation, which has been expanded into the present two volumes. The history is accurate, the style is clear, the presentation fair, and altogether the work is an acceptable addition to the literature on the subject, because of the extent of the ground it covers; although, as has been indicated, it presents little that is new and makes no contribution in the way of analytical criticism. The bibliography is good, but contains no references to German literature.

Das englische Bankwesen is of a more practical character. The author sets for himself the problem of examining the English banking system for the purpose of determining its merits in comparison with the German system. He is especially interested in contrasting what he calls the English system of division of labor in banking with the German system of combination of labor. By division of labor in English banking he means rather division of function or service, as between the Bank of England, the London and provincial banks of deposit, the bill brokers, and so on. His treatment is, in the first place, a careful

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description of the organization of English banking institutions, followed by a critical analysis of the credit machinery, and ending with an account of the inner organization of the Bank of England's issue department and banking department and of the organization of the provincial banks. The author's discussion of the organization of credit in England is acute and in part very interesting. This is particularly true of his remarks on the development and use of checks, on the bill of exchange and the concentration of credit. He recognizes the advantage of the wide extension of the deposit and check system in English banking, and attributes it to the need for an elastic means of circulation which will vary automatically with the requirements of business, to the national habit of making deposits and to the appropriate laws for the protection of exchange. His remarks in explanation of the credit organization in England are equally to the point, and although the considerations which he advances are not altogether new they are sometimes forgotten by less careful writers.

His general position is that the English banking system has advantages in bringing together readily the free capital of the country, in saving the use of cash by the single reserve system and in the wide and easy dissemination of credit. He recognizes, however, that these advantages have offsetting dangers. It is his opinion also that England has not made progress in the development of the banking system; that, in accordance with the custom of her people, she is clinging too much to things that are old.

DAVID KINLEY.

UNIVERSITY OF ILLINOIS.

L'Iniziativa del Re d'Italia e l'Istituto Internazionale d'Agricoltura. By A. DE VITI DE MARCO *et al.* Rome, G. Bertero, 1905.—x, 732 pp.

The information contained in this treatise was compiled at the request of the king of Italy as a basis for determining the best plan and constitution of a proposed international institute of agriculture. The volume is divided into two parts. In part i (pages 1–502) are discussed the organization of agriculture in various countries and the aims and purposes of agricultural coöperative societies. In addition, the opinions of eminent literary men, of agricultural organizations and of the public press in Europe and America are presented; the purpose being to secure representative ideas as to the need, utility and functions of an international bureau of agriculture. The material presented relates to the production and distribution of agricultural products, the

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methods and advantages of irrigation, coöperative credit and insurance societies, agricultural organizations, and other matters bearing on the economic life of the rural population in Italy, France, Great Britain, United States, Austria, Germany and Holland. Statistics are given in detail on these subjects up to the close of the year 1904.

Part ii (pages 503–732) discusses the functions of an international institute of agriculture by means of special articles on the following topics: the international development of coöperation, by A. Bertolini; the international development of insurance against damage from hail, by U. Broggi; the organization for marketing grain in the international congresses of agriculture, by G. del Vecchio; the international agricultural union and the project of Professor Ruhland, by the same writer; notes on the agricultural statistics of England and the United States, by C. Dragoni; the agricultural migratory tendencies between various countries, and the grouping of emigrants, by A. Bosco di Ruffino.

The title of the compilation naturally leads one to expect information concerning "the initiative of the king of Italy" and "the International Institute of Agriculture"; but one will look in vain for information on any topics other than those enumerated in the preceding paragraphs. It is rather unfortunately assumed that the reader knows what initiative was taken by the king, and what came of it, which is not necessarily the case. As a matter of fact, the International Institute of Agriculture was conceived by an American, who urged it upon the king of Italy. The latter took the initiative and sent letters through his ambassadors to the governments of the world, calling an international conference which was held at Rome from May 28 to June 6, 1905. There were present 118 delegates representing 41 countries, who, on June 7, 1905, ratified the "acte final" which created the International Institute of Agriculture. The movement may in the future prove of the greatest importance to the peace and prosperity of the civilized world.

Judged not by its omissions but by its contents, the work is of great value. It gives more complete information than is elsewhere accessible regarding the organization of agriculture in the countries mentioned. There are many other countries not mentioned in this book where agriculturists have organized for various objects, but the purpose of the inquiry has been served by a detailed presentation of the data relating to the leading nations. A vast amount of material has been brought together which cannot fail to be of great service to students of history, economics and statistics.

The contents of this book are of sufficient importance to call for an

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adequate index. There is, however, no index; so that this valuable material, which has been compiled with so much labor and at so great expense, is not so available to students as it might have been made with a slight additional expenditure of effort and of money.

JAMES B. MORMAN.

WASHINGTON, D. C.

Questions agricoles d'hier et d'aujourd'hui. By DANIEL ZOLLA. Paris, Librairie Armand Colin, 1904—xii, 282 pp.

Under this title Professor Zolla, of the National School of Agriculture at Grignon, has published a series of volumes, consisting of essays dealing with agricultural and related subjects. Of this series the book under review is the third volume. Some of the subjects treated are agricultural instruction, French purchases of colonial products, agricultural geology, coöperative and mutual insurance associations, and the relation of income taxes to agricultural interests. In the preface we are told that agricultural education and coöperation in agriculture are the main topics considered. Without this information the reader might erroneously suppose that the author was at least equally interested in the other topics which he discusses.

In his first chapter M. Zolla outlines briefly the development of agricultural education in France. He shows the smallness of the expenditure by the state upon agricultural schools and criticizes those who think these expenditures excessive, useless or unproductive. He laments the lack of appreciation for these schools and the general prejudice against agriculture as a profession. At the same time he informs us that the agricultural classes of France regard these schools as places for teaching useless theories, and that the majority of the small landholders and farmers can not afford to send their boys to these schools even if they were inclined to do so. It would seem accordingly that the hostile critics have the best of the argument. No doubt the maintenance of these schools at public cost would be justified if only the farmers could be brought to appreciate the value of scientific education; but thus far, it appears, the agricultural schools in France accomplish little.

The chapter entitled "Nos achats de produits coloniaux" is a special plea for capital and colonists to exploit the French tropical colonies. The author quotes statistics to show that France buys much cotton, oil, gums, spices *etc.*, products of the tropics. Then with irrefragable logic he demonstrates that, if the French tropical colonies could be induced to supply these commodities to the mother country, French colonial

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trade would be increased to the mutual advantage of both metropole and colonies. The argument seems familiar, not to say antiquated. M. Zolla does not, however, advocate preferential tariffs as a means of securing the desired result.

From M. Zolla's account, it is to be inferred that France is far behind the United States in the matter of coöperative enterprises related to agriculture. Coöperative creameries and farmer's mutual insurance companies are described as new devices, and much benefit is expected from them. In the United States many coöperative creameries have been organized, but the majority have failed or have been transformed into joint-stock companies with few shareholders. Mutual insurance among farmers is of long standing with us and bids fair to continue.

M. Zolla argues against the proposal to abolish the *impôt personnel-mobilier* and to substitute, therefore, an income tax assessed upon the excess of income above 2500 francs. He thinks that practically all agriculturists who now pay the *impôt personnel-mobilier* would be obliged to pay more under such an income-tax law. His method of reaching this conclusion is not satisfying.

For an American student of agricultural economics this volume has little value. Little useful information can be gleaned from its pages as regards any of the subjects discussed. The general impression which an American derives from its perusal is that agricultural science and practice is in a backward state in France; and the fact that this collection of essays is presented as a serious contribution to the literature of agriculture strongly supports this impression.

ROYAL MEEKER.

PRINCETON UNIVERSITY.

Land Reform. By JESSE COLLINGS, M. P. London, Longmans, Green and Company, 1906.—xxiv, 452 pp.

Land reform is a vital question in England at the present time; and in this volume Mr. Collings sets forth in a striking way his view of the problem and the plans proposed for its solution. The author is the son of "a noble peasant woman," to whose memory the book is dedicated; and he claims to voice the feelings and to represent the point of view of the tillers of the soil. "In dealing with the agricultural laborer," he writes, "I have based my statements on my own experience, on the lore and traditions of the cottage, on Parliamentary papers, as well as [on] other authorities" (p. xvii).

The purpose of the book is to advocate plans of land reform and of rural education in England. The ultimate aim is to reëstablish a

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numerous and thrifty agricultural class, which is believed by the author to be the only true basis of lasting prosperity in any country. The occasion for the agitation of this question will be obvious when it is noted that only about one-half as many persons were engaged in agriculture in England and Wales in 1901 as in 1851. The general plan of the work is to describe the provisions of the Land Purchase Bill and of the Agricultural Education in Elementary Schools Bill; to discuss the merits of the latter; to trace the growth of the present land system; and to set forth the arguments for and against the proposals made for a reform in that system.

The Purchase of Land Bill is divided into two parts.

> Part I provides means to enable the tenant to acquire the freehold of the farm he rents. When the landlord and tenant agree upon the sale of a farm, and on the price to be paid for the same, the board of agriculture may, after making due inquiry, advance to the tenant the whole of the purchase money. The repayment of the advance so made is to be by an annual instalment at the rate of three and one-fourth per cent of the whole sum. The three and one-fourth per cent is made up of two and three-fourths per cent for interest and one-half per cent for sinking fund [p. 3]. Part II of the bill enables the board of agriculture to purchase any land which they may deem suitable for the purpose of providing holdings for persons who desire to buy and who will themselves cultivate the holdings. Every such holding shall be not less than three acres and not more than one hundred acres in extent. . . . The board may advance any money not exceeding nine-tenths, or, if they think fit in some cases, up to the whole of the cost, to the purchaser of a small holding . . . and the method of repayment . . . is the same as in Part I of the bill [p. 11].

This is not the first effort to reëstablish the class of landowning farmers and peasant proprietors in England. The Small Holdings Act of 1892 was passed for such a purpose. This has not proved very effective; a result which Mr. Collings ascribes to the fact that the administration of the act was left to the county councils, whose members, as a rule, were more interested in maintaining the present status than in developing independent holdings.

The chapters which discuss the Agricultural Education in Elementary Schools Bill, 1905, will be found suggestive by those who are interested in the introduction of agricultural subjects into the rural schools in the United States.

> The general object of this bill is to provide for the teaching in public elementary schools of agricultural and horticultural subjects; to give facilities

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for nature study; and generally by means of object lessons to cultivate habits of observation and inquiry on the part of pupils. A schedule attached to the bill contains the following subjects, in addition to nature study, to be taught in the schools: Fruit-, flower- and vegetable-growing; poultry- and bee-keeping; budding, pruning and grafting; cow and pig-keeping; milking; rotation of garden crops; nature and properties of soils; knowledge and choice of seeds; structure, life and food of plants; action of birds and insects on crops; use of manures; use of simple tools; packing fruit, vegetables and other produce for market [p. 21].

It is believed that the present system of education prepares the rural children for the life of other industries rather than for agricultural pursuits. Many reasons have been given for the fact that the country districts have been and are being deserted; "but there is no doubt," says Mr. Collings, "that one of the most potent causes of all is to be found in the kind of education given in the rural schools."

Those who are interested in the problem of English land tenure, whether they agree with Mr. Collings in his main contention or not, will find his book instructive; those who are interested in rural education will find it suggestive; and all who are interested in social and economic problems should find it worth reading.

HENRY C. TAYLOR.

UNIVERSITY OF WISCONSIN.

The Labour Movement in Australasia. A Study in Social Democracy. By VICTOR S. CLARK, PH. D. New York, Henry Holt and Company, 1906.—xi, 327 pp. and map.

This book is characterized, in the author's preface, as

an attempt to describe the history of the political labour party of Australasia, to analyse its policy and the result of that policy so far as applied, and at the same time to make clear the differences as well as the similarities characterising those countries and America, which must affect the application to our own problems of their experience. . . . I have tried to write from the standpoint of an agnostic in social creeds. My observations were made during visits to Australia and New Zealand, in 1903 and 1904, under a commission from the government. Allusions to more recent events are based upon correspondence and printed information.

It may be recalled that Dr. Clark's government commission was as special agent of the United States bureau of labor, and that the official reports of his comprehensive investigation were published in the bureau's bulletin no. 49 (November, 1903) under the title, "Labor Con-

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ditions in New Zealand," and in bulletin no. 56 (January, 1905) under the title, "Labor Conditions in Australia." So far as the simple groundwork of facts as to actual conditions, legislation, *etc.*, is concerned, a great deal of the material in the present book has been previously published in the above-noted official reports. This is especially true of chapters iii to viii inclusive, dealing respectively with "Workingmen and Trade Unions," "The Political Labour Movement," "The Labour Programme," "A White Australia," "Minimum Wage Boards" and "Industrial Arbitration Acts." To a less extent the same is true also of chapters i and ii, describing "The Country and Its Resources" and "People and Institutions"; of chapter x, dealing with "Economic and Social Effects of Industrial Regulation"; and of chapter xii, which presents a "Conclusion and Outlook." In chapter ix, which considers the "Juristic Aspects of Compulsory Arbitration," there is relatively little of descriptive matter. The remaining chapter (xi) on "The Government in Business," which describes the industrial undertakings of the Australasian governments, presents for the most part quite new matter.

The above observations as to the basic materials of the present book are not made by way of derogatory criticism. On the contrary, such repetition was quite inevitable. Furthermore, notwithstanding the repetition, the later publication, simply as a record of the facts, has a special value of its own, because from the mass of materials covering all aspects of the condition of labor, as contained in the earlier reports, it selects and rearranges for unified presentation those bearing upon the one subject of the movement of the working classes for better conditions.

The chief value of the present book, moreover, lies not so much in its description as in its interpretation of the facts. The description, indeed, is generally less detailed than in the author's earlier reports, being limited to essentials, and attention is centered upon analysis of causes and of fundamental principles, and indication of general tendencies and of implications. In doing this Dr. Clark has everywhere maintained a judicial attitude, holding so well to his "agnostic" point of view that the reader is left at the end of the book quite in the dark as to the author's own social creed. The result, therefore, is an apparently very comprehensive account of the subject in hand within very reasonable compass, and an account that is especially notable for its suggestiveness. For students of socialism the book is especially suggestive because of the socialistic or quasi-socialistic character of the labor movement in Australasia—because of the extent to which the

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movement, although dominated rather by opportunism than by idealism, has given application to tendencies which are commonly regarded as socialistic. Similarly the student of compulsory arbitration will find much that is suggestive in Dr. Clark's extensive consideration of that subject, especially in the chapter on the "Juristic Aspects of Compulsory Arbitration," wherein such questions as the relation of compulsory arbitration to the right of private contract are considered in the light of Australasian experience. Students of social science will find that this chapter throws much light upon the process by which custom is converted into law, upon the changes which the customary rules undergo in this process, and upon the tendency of judicially interpreted custom to develop along new and independent lines. To Americans the book is of especial interest by reason of the author's frequent comparison of Australasian conditions with those obtaining in the United States.

A few inaccuracies, all of which are obviously mere slips, scarcely call for notice except that they raise, in some instances, a suspicion of hasty writing. A good index is provided; and this is the more notable because of the total lack of anything of the kind in connection with Dr. Clark's official reports. In those reports, it should be added, the fault was not in any degree Dr. Clark's. It is the regrettable practice of the federal bureau of labor to include in its bulletins no tables of contents or indices for separate articles; and as many of these are valuable chiefly for reference purposes, the omission seriously detracts from their practical usefulness.

LEONARD W. HATCH.

NEW YORK STATE DEPARTMENT OF LABOR.

Elements of Political Science. By STEPHEN LEACOCK. Boston and New York, Houghton, Mifflin and Company, 1906.—ix, 417 pp.

This volume is apparently intended for use as an introductory manual in the study of politics, and to this purpose it is well adapted. The author follows the general lines of Bluntschli's *Lehre vom modernen Staat*, which in its English dress, as *The Theory of the State*, has served a useful purpose for many years. Part i discusses the nature of the state; part ii the structure of government; and part iii the province of government. In each part the more important facts and theories are presented, with suggestive criticism and helpful interpretation. The material employed is skilfully arranged and balanced, while the style is concise and clear.

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Attention should be called to certain errors of statement, important to correct in an introductory work of this type. On page 151, Delaware and Ohio should not be included among the states in which the governor has no veto power. On page 157, the number of committees in the House of Representatives of the United States is given as "more than thirty," which is not incorrect, but is misleading, as the usual number is about sixty. The statement on page 306 that the city council in the United States is generally made up of two houses is inaccurate; and in the same connection (page 308) the term of the mayor of New York City is given as two years instead of four. On page 343 the author misinterprets the rule in the Democratic national convention by stating that "the state delegations *must* vote as a unit for the same person."

The bibliographical apparatus of the volume is weakened by a number of serious omissions. Goodnow on *City Government in the United States*, Baldwin's *Judiciary*, Macy's *Party Organization*, Oberholtzer's *Referendum*, and Redlich's *English Local Government* are all standard works, invaluable for the purpose of a study of the elements of political science, and should have been conspicuously cited.

On the whole, Professor Leacock's volume should prove very useful in the work for which it is especially designed.

C. E. MERRIAM.

UNIVERSITY OF CHICAGO.

Applied Sociology. By LESTER F. WARD. Boston, Ginn and Company, 1906.—xviii, 384 pp.

As Dr. Ward has never believed in "science for science's sake," he follows up his *Pure Sociology* with an *Applied Sociology*. The book falls into three parts. Part i, "Movement," shows that society is not obliged to rely for amelioration on the slow operation of natural forces but can advance by conscious effort. Part ii, "Achievement," investigates the conditions of the production of the great men that rear the fabric of civilization, and shows that only a small portion of the talent in a population has ever come to fruition. Part iii, "Improvement," demonstrates that the policy of providing opportunity for latent talent by means of a widely diffused and more rational education would enable society to utilize more fully the gains of the past, and to enlist a much greater number of workers in multiplying those achievements which benefit mankind.

With Dr. Ward, "applying" sociology does not mean devising solu-

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tions of a series of "social problems." A book of unrelated discussions of remedies for social ills would form no part of a science; and Dr. Ward conceives the application of theory to be as much a part of sociology as the "pure" theory itself. He finds that our social troubles are all traceable to a single fundamental trouble. For him the oppressions, exploitations and maladjustments that mar the social union of men all find a common root in inequality of intelligence. He believes in a sovereign remedy, but he will have none of the much-advertised panaceas. Only the systematic social distribution of knowledge, which by evening men in intelligence will give control into the hands of the many, can put an end to the exploitations that embitter the lot of the masses. When men rave against the abysmal wealth-contrasts of to-day, the economist bids them think less of redistribution and more of equalizing economic opportunity. Dr. Ward the intellectualist digs deeper yet, showing that the economic-opportunity policy will avail little unless men are made more equal in that intellectual equipment which alone can realize a régime of equal opportunity. In this he is a true philosopher, and in comparison with his program the instantaneous cure-alls of contemporary healers look cheap and ridiculous.

Dr. Ward advances another and bolder claim for his policy. He believes that it will greatly multiply the number of contributors to art, letters, science and technique. In order to establish the conditions of individual achievement he cites the entire "literature of opportunity"—Galton, de Candolle, Jacoby, Cooley and Odin. In the light of Odin's researches on 6382 French writers since 1300 (*Genèse des grands hommes*, two volumes, 1895) he feels justified in asserting

> that about 80 per cent of all distinguished persons are born in large cities, and that nearly all others go early to great intellectual centers; that over 90 per cent of them belong to wealthy or well-to-do families and are exempt from all material concerns; that nearly 90 per cent of them belong to the higher social classes (nobility, public officials, liberal professions, business men); and that 98 per cent of them receive a liberal education in their youth [p. 253].

He concludes that, under *laissez faire* in education,

> a person born of the nobility has nearly two hundred times the chance to become eminent that one born in the working class has, assuming that the native genius is the same. For the bourgeoisie the chances are only one to twenty-three. The son of a noble has six and one-half times the chance of the son of a physician or lawyer, and two and one-half times that of the son of a judge or *procureur* [p. 209].

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Convinced that genius is as likely to appear in a lower class as in a higher, that the ore from the social deeps is as rich as that from the top, Dr. Ward argues that by a well-organized system of universal education society can increase by at least a hundred fold the number of contributors to progress.

Most selectionists will find this "intellectual egalitarianism" a little exaggerated. Is it likely that a rural population from which for three hundred years the brighter members have been escaping to the cities will be as fertile in genius as the picked population of Paris? It is one thing to deny that social ranks are essentially due to difference in capacity; it is another thing to deny that the competition for the prizes of life has any testing value, or that those who rise are any more likely to transmit exceptional traits than those who fail.

This does not, however, break the force of the demonstration that genius cannot prevail over circumstances (as Galton assumes), but must be dowered with leisure and education. It does not weaken the surmise that innumerable originative minds have been stifled by lack of opportunity and that the progress that has actually taken place is the work of only a small fortunate fraction of the geniuses that are born.

This great book is a noble crown to the author's philosophy. No writer has presented so powerfully the claims of education as a conscious social policy. No one has so vindicated the worth of the teacher's work. Best of all, however, is the spectacle of an eminent thinker seeking in all humility to show that the fewness of men of eminence is due to adverse circumstances rather than to the rarity of natural talent, and insisting that not a great gulf but only a gentle declivity separates the men of achievement from common work-a-day people.

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RECORD OF POLITICAL EVENTS

[From November 6, 1906, to May 1, 1907.]

I. INTERNATIONAL RELATIONS.

THE SAN FRANCISCO SCHOOL QUESTION.—The exclusion by San Francisco of Japanese from the schools attended by white children (see last RECORD, p. 728) produced a situation which, as exploited by the press, attracted widespread interest and gave some prospect of serious international complications. The Japanese at home were not unnaturally incensed at the discrimination, but the attitude of the mikado's government was correct and praiseworthy. President Roosevelt appreciated the gravity of the question; in his message to Congress he deplored the action of the San Francisco authorities and declared that he would use every civil and military power which he possessed to secure fair treatment for the Japanese. His attitude aroused antagonism on the Pacific coast but was generally approved elsewhere. Later the president transmitted to Congress the report of Secretary of the Interior Metcalf, whom he had sent to California to investigate the situation. Mr. Metcalf reported that the trouble was due to the hostility of the white laborers toward the Japanese and to the unscrupulous fomenting of racial hatred by some of the San Francisco newspapers. While it was urged in defense of the exclusion that the chief motive was to prevent adult Japanese from entering classes with white children, Mr. Metcalf found that the total number of Japanese pupils had been only 93, that only a few of these were grown up, and that none was over twenty years of age. He also reported that a boycott had been instituted against Japanese restaurants, and that a number of Japanese had been wantonly assaulted. As it was doubtful whether the courts would hold that the federal government had any power to force the San Francisco school authorities to withdraw the obnoxious regulations, the president invited Mayor Schmitz and the members of the school board to visit Washington and confer with him upon the subject. After several conferences an agreement was reached to the effect that the board would rescind its order in case steps were taken to prevent the further introduction of Japanese laborers into the country. Accordingly Congress added to the immigration bill then pending an amendment giving to the president power to refuse to allow aliens to enter the continental territory of the United States from foreign countries (to which they have passports) or from the insular possessions or the Panama canal zone. After the bill was passed the president issued such an order to apply to Japanese and Koreans, and the board withdrew the regulation segregating the Japanese pupils. About the same time bills were being considered in the California legislature for ex-

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cluding Japanese children over ten years of age from the white schools, for preventing persons of that nationality from holding real estate and for limiting their privileges in other directions; but in consequence of a telegraphic remonstrance addressed by the president to the governor no action was taken on these bills.

OTHER AMERICAN INTERNATIONAL RELATIONS.—The *modus vivendi* arranged with Great Britain regarding the **Newfoundland** fisheries question (see last RECORD, p. 728) gave great offense in that province.—In November it was announced that **Canada** had notified the United States that the postal convention existing between the two countries would be abrogated from May 7, 1907. This action was due to the fact that the Canadian postal service was obliged to carry at a heavy loss large quantities of magazines, illustrated newspapers and other heavy second-class matter. At a conference on April 1 between Postmaster-General Lemieux of Canada and Postmaster-General Meyer of the United States an agreement was reached to amend in this respect the postal convention between the two countries. A visit of Secretary of State Root to Canada in January did much to promote friendly feeling; and the arrival of Mr. James Bryce as successor to Sir Mortimer Durand as English ambassador gave great satisfaction in the United States. On April 8 it was reported from Washington that a treaty had been drafted between the United States and Great Britain providing for the appointment of a joint commission to consider all the complex questions connected with the water boundaries between Canada and the United States, the disposition of the waters of the Great Lakes, the regulation of power from the Niagara River, the navigation of the St. John's River, the use of the waters of Milk River on the Northwestern border, and the whole general subject of fishery rights and regulations.—In the middle of January a remarkable and somewhat grotesque diplomatic incident arose out of the destruction on the 14th of that month of the town of Kingston, **Jamaica**, by an earthquake. A number of American warships were rushed thither to render assistance, and, at the request of certain of the local authorities, marines were landed to protect property, to assist in clearing away the ruins and to prevent an uprising among the prisoners in the penitentiary. But Sir Alexander Swettenham, the governor, happened to be an individual who entertained a dislike for Americans. He objected to the presence of the marines, and he wrote to Rear-Admiral Davis, who commanded the American squadron, a sarcastic and discourteous letter, whereupon the marines were withdrawn and the fleet quitted the harbor. The action of the governor in this and in other matters aroused indignation in Jamaica, nor was his behavior approved in England. The British government, appreciating the friendly and humanitarian spirit in which the assistance was rendered, offered an apology for the governor's incivility and directed him to apologize. In the spring it was announced that Governor Swettenham had resigned his post.—The situation in **Cuba** has not materially changed since the close of the last RECORD. On November 25 the last band of insurgents, numbering eight

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men and commanded by Ex-Chief of Police Ruis, surrendered near Cienfuegos to the rural guards. Since that time the island has remained tranquil. On November 9 a determined effort was made by the representatives of the Liberal party to induce Governor Magoon to begin a general distribution of offices among them, but this the governor declined to do. His refusal greatly angered some members of the party, and General del Castillo made inflammatory speeches, declaring that there would be war if the Americans did not withdraw. In December Governor Magoon announced that President Roosevelt had ordered the removal from office of all congressmen elected in December, 1905. The vacancies thus created are to be filled at an election to be held at some time in the future. On February 5, as a result of a conference at the White House between the president, Secretary Taft and General Bell, an order was issued directing that the artillery force of the island should be increased to 2000 and the rural guard from 6000 to 10,000, and providing that all able-bodied male citizens between the ages of twenty-one and forty-five years should constitute the militia, the purpose in part being to render unnecessary the presence of so many American troops in the island. The measure aroused considerable opposition among the Cubans; its execution was temporarily suspended; and in April a new plan was announced. No date has yet been set for the withdrawal of American authority, and the business interests are in general opposed to a return to autonomy. Early in April Secretary Taft visited the island on his way back from Panama and stated that owing to economic conditions he considered that it would be unwise to hold an early election. The Liberal party at present appears to be hopelessly divided.—The United States supreme court has held that the Isle of Pines is not a part of the United States and that it belongs to Cuba.—A new treaty between **San Domingo** and the United States (see RECORDS of June, 1906, p. 356 and December, 1906, p. 727) was ratified by the United States Senate on February 25 by a vote of 43 to 19. On April 5 the treaty was presented to the Dominican Congress and was referred to a committee for examination and report.—The peace restored in July in **Central America** through the efforts of the United States and Mexico (see last RECORD, p. 727) proved of short duration. In December, a number of Honduran malcontents began a revolutionary movement, but were soon driven across the border into Nicaragua. The government of Nicaragua then sent a body of soldiers to patrol the frontier, and these troops were unexpectedly attacked by a force of Hondurans. The Nicaraguans were defeated with considerable loss, and it is asserted that the Hondurans shot some of the prisoners. President Zelaya of Nicaragua demanded satisfaction. It was agreed that the matter should be referred to a court of arbitration, and such a court met; but its findings were not accepted, and diplomatic relations were then broken off. Action was taken by the United States, Mexico, Costa Rica, Guatemala and Salvador to preserve the peace, but with no avail, and on February 19 President Bonilla of Honduras began an open war by attacking a force of Nica-

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raguans. He was defeated, and on the 20th the Nicaraguans captured El Triunfo and on the 21st San Bernardo, killing many Hondurans and capturing many guns and much ammunition. Dissatisfied elements in Honduras rose in revolt, and, still further to complicate the situation, Salvador, in which there was also a small revolt, became involved in the general struggle on the side of Honduras. The Nicaraguans won several victories and captured Tegucigalpa and other towns. To protect American interests, marines were landed from American warships, and Commander Fullam notified the Nicaraguans that he would not permit them to bombard the coast towns. A provisional government was set up by the Honduran revolutionists, and the diplomatic functions of Honduran representatives abroad were taken over by the Nicaraguan representatives. On April 11 President Bonilla surrendered at Amalpa, and was later carried on an American gunboat to Mexico. On April 18 representatives of Nicaragua and Salvador met at Amalpa, and a treaty was signed on the 23d.—On January 4 it was announced that Mr. Andrew Carnegie had given $750,000 for the construction of a building to be used by the International Bureau of the American Republics. Several years ago Congress appropriated $200,000 for the purpose, and between $25,000 and $30,000 has been contributed by South and Central American republics. Mr. John Barrett, ex-minister to Colombia, has been appointed head of the bureau, and greater activity is expected. There appears to be in the United States an awakening interest in the Latin American countries and a deeper appreciation of the importance of securing favorable trade relations with them.—The negotiations between the United States and **Germany** regarding tariff relations (see last RECORD, p. 727) have been continued without any final settlement being arrived at. On April 8 it was announced that Baron Sternberg, the German ambassador, and Secretary Root had agreed upon a new *modus vivendi* whereby American goods imported into Germany will continue to enjoy the privilege of the minimum tariff rates. Before becoming effective the arrangement must receive the assent of the Reichstag.—On December 12 the United States Senate ratified the **Algeciras** treaty (see RECORD of June, 1906, p. 353). At the same time a resolution, drawn by Senator Bacon, was adopted, setting forth the motives which, according to the understanding of the Senate, had led the United States to become a party to the conference and the treaty, and declaring that this action was taken "with no purpose to depart from the traditional American foreign policy which forbids participation by the United States in the settlement of political questions which are entirely European in their scope."

EUROPEAN INTERNATIONAL RELATIONS.—In November it was rumored that the Norwegian government had made preliminary inquiries in Berlin, London, Paris and St. Petersburg with a view to concluding for **Norway** a new and wider treaty of neutralization. The agreement of 1855, by which England and France guaranteed the neutrality of the Scandinavian peninsula, has lapsed in consequence of the separation of Norway

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and Sweden, and, according to the *Cologne Gazette*, Norway now desires to continue to enjoy the advantages of the old treaty "even though it may be upon another basis." Special attention was called by the Rhenish organ to the fact that Russia was among the powers which had been approached, and it was stated that Germany would adopt a friendly attitude towards the Norwegian proposal.—On December 18 Foreign Minister Tittoni of Italy denied that the **Triple Alliance** had been weakened, and stated that the peace of Europe was kept by Austria and Italy. Late in March the same minister held a conference with Chancellor von Bülow at Rapolla, Italy.—The good understanding between **England** and **France** continues, and there is some reason to believe that there has been a *rapprochement* for certain purposes between England and **Russia**.—On December 21 the premier of Greece, M. Theotokis, announced in the chamber that steps were being taken for the union of **Crete** with Greece. He thought they would soon be able to greet the representative of Crete in that chamber.—In January the German embassy in Constantinople demanded the punishment of Fehim Pasha, chief of secret police of the palace and a confidant and favorite of the sultan, for having unlawfully seized a ship's cargo belonging to a German. After repeated urging, an investigation was held, and Fehim was exiled to Asia Minor.

AFRICAN AND ASIATIC INTERNATIONAL RELATIONS.—Disorders in **Morocco** have continued to attract the attention of the world and to necessitate attention from the powers. Early in November Raisuli's representatives stopped the pumps of the Spanish electric light company at Tangier, forcing the company to pay blackmail, and on the 4th of the same month Moorish boatmen attacked French sailors belonging to the cruiser "Galilée." French and Spanish war ships were sent to Moroccan ports, and it was arranged on December 3 that Admiral Touchard should have joint command over the ships of both nations. About the same time public criers announced in the market places that a Christian invasion was about to occur and called upon the people to prepare for a holy war. On January 5 the shereefian troops attacked Raisuli's stronghold but were repulsed. Next morning, having been reinforced, they moved on Zinat, but found it deserted, Raisuli having escaped to the mountains. The troops, in "restoring order," burned innocent villages and committed other outrages. Early in February a French scientific expedition was attacked in the country of the Beni Hassan tribe but managed to repulse its assailants. Near the close of the same month the European representatives presented two collective notes to the Maghzen calling attention to the disorder existing at Mogador and reminding the Maghzen that they had not yet carried out certain reforms agreed upon at Algeciras. On March 14 Colonel Müller, the officer chosen by the Swiss government to take control of the Franco-Spanish police for the coast towns, arrived at Tangier. The work of organizing the police was expected to proceed slowly. A few days later a French citizen, Dr. Mauchamp, was assassin-

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ated at Morocco City and a general attack upon Europeans followed, in which the British consular agent killed two of his assailants. On the 29th a detachment of French troops occupied the town of Oudja.—The abuses existing in the **Congo Free State** have continued to excite attention and protest. In November Sir Edward Grey, British foreign secretary, replying to a deputation, stated that if the government of Belgium did not take the matter in hand, it would be the duty of Great Britain to sound the other powers. In February the United States Senate passed a resolution pledging its support to the president in any action, "not inconsistent with treaty or other international obligations or with the traditional American foreign policy which forbids participation by the United States in the settlement of political questions which are entirely European in their scope," that he might "deem it wise to take in coöperation with or in aid of the powers signatory of the treaty of Berlin for the amelioration of the condition" of the inhabitants of the Congo region. On December 14 the Belgian chamber declared itself in favor of the principle of annexation. In November it was announced that large concessions for the development of the rubber industry, of copper mines and of railroads had been made to an American company, the members of which include Thomas F. Ryan, John D. Rockefeller, Jr., and Harry Payne Whitney.—By the middle of April the Russians and Japanese had completely evacuated **Manchuria**, according to the terms of the Portsmouth treaty, only retaining a certain number of railway guards. The province is now once more under the control of China.

PEACE CONFERENCES AND INTERNATIONAL ARBITRATION.—The second international peace conference will meet at The Hague on June 15. The delegates chosen to represent the United States are Joseph H. Choate, ex-ambassador to Great Britain, General Horace Porter, ex-ambassador to France, U. M. Rose of Arkansas, Brigadier-General George B. Davis, judge advocate general, and Rear Admiral Charles S. Sperry, president of the naval war college. It is understood that the conference will consider the rights and duties of neutrals, the inviolability of private property in naval warfare, and the bombardment of towns, villages and ports by naval forces. The United States and some other powers desire to discuss also the question of the limitation of armaments; but Germany, Austria-Hungary and Russia, while willing that the question shall be discussed, will not themselves participate in such discussion, not considering the proposition a practical one. It is also doubtful whether the Drago doctrine regarding intervention in behalf of private creditors (see last RECORD, p. 727) will be considered.—A national arbitration and peace congress was held in New York City, April 14–17, under the presidency of Mr. Andrew Carnegie. The meeting was attended by many eminent men from abroad, and was addressed by Secretary of State Root, William Jennings Bryan, Baron d'Estournelles de Constant and others.

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II THE UNITED STATES.

THE ADMINISTRATION.—The president's annual message, read in Congress on December 3, recommended legislation to prohibit corporations from contributing to campaign funds, to regulate the issuance of injunctions in labor troubles, and to confer upon the government in criminal cases the right of appeal upon points of law; dealt in vigorous terms with "the epidemic of lynching and mob violence"; and urged the reduction of hours of continuous employment for railroad employees, a thorough investigation of child and woman labor, and the creation of conciliation and arbitration commissions for the settlement of disputes between capital and labor. On the subject of corporations and trusts the president said that the government must at an early date exercise a far more complete control in order to prevent abuses and to obviate the necessity of state ownership. He also recommended a constitutional amendment giving Congress power to pass uniform marriage and divorce laws, and he renewed his plea for a Philippine tariff act. On the subject of the hostility displayed in California to the Japanese (see INTERNATIONAL RELATIONS) he spoke with great emphasis. After recommending legislation authorizing the naturalization of Japanese and giving to the president more power to enforce the treaty rights of aliens, he declared that, in protecting the Japanese, he would use "all the forces, military and civil, of the United States which I may lawfully employ." In later special messages he recommended among other things the more rapid promotion of naval officers, and the revision of the public land laws in order to check frauds and to prevent such lands from falling into the hands of corporations.—The president's dismissal without honor of the three companies of the twenty-fifth infantry (colored) for complicity in the **Brownsville riot** (see last RECORD, p. 741) aroused much antagonism, especially among negroes and politicians; but despite all pressure brought to bear upon him, Mr. Roosevelt refused to withdraw the order. In response to a Senate resolution asking for information upon the subject, the president on December 19 sent in a message asserting that the action taken by him was within his constitutional power as commander-in-chief of the army, declaring that the good of the service demanded such action, and quoting a number of precedents. The message was accompanied by a report of the secretary of war and by other documents. Senator Foraker of Ohio constituted himself the special defender of the troops and made an energetic attack upon the message. In the course of the debate it was asserted that the regiment had previously "shot up" four towns. On December 21 Captain Macklin, a white officer who had commanded one of the dismissed companies, was shot and dangerously wounded by a negro, supposed to be one of the dismissed men. On January 14 an additional message with further evidence was transmitted to Congress. In this message the president stated that he had become convinced that he had not power to bar the dismissed men from civil employment, and he therefore modified his original order in that particular. A further investigation of

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the case was begun in February by the Senate committee on military affairs.—In March the president announced the appointment of a **waterways commission**. He stated that it was common knowledge that the railroads were unable to meet the demands made upon them for the speedy transportation of crops and manufactures.—On the eve of the adjournment of Congress the president issued a proclamation adding some seventeen million acres to the **national forest reserves**. This was done just before he signed an act abridging the president's authority to create reserves in the states of Colorado, Wyoming, Montana, Idaho and Washington. Most of the additions made by him were in these states.—Much publicity was given to quarrels between the president and individuals. In December Mr. Bellamy Storer, who in the earlier part of the year had been removed from the position of ambassador to Austria (see RECORD of June, 1906, p. 359), published a pamphlet containing correspondence which had passed between him or his wife and the president and which tended to show that in efforts made by him to secure for Archbishop Ireland the dignity of a cardinal he had acted in accordance with the president's personal desires. The president replied in a letter addressed to the secretary of state, containing additional correspondence which tended to show that Mr. Storer had misrepresented some facts and suppressed others. Another controversy was precipitated by the publication in the New York *World* of a letter written by Mr. E. H. Harriman, whose exploits as a railway promoter and "reorganizer" had been under investigation, to Mr. Sidney Webster, stating that in the autumn of 1904 he had, at the request of Mr. Roosevelt, raised a fund of $200,000 for campaign purposes, and that this was done on the assurance that Mr. Chauncey Depew would be appointed ambassador to France. In reply Mr. Roosevelt gave out a letter which he had written some months before to Representative James S. Sherman, chairman of the Republican congressional committee, in which he vigorously denied the charge.—On December 10 the Norwegian Storthing conferred upon the president the Nobel peace prize. He accepted it on the condition that the income of the money, $37,127, should be used in creating and maintaining an **industrial peace commission** for the settlement of industrial questions. Among the trustees chosen to administer the fund are Chief Justice Fuller, Seth Low and John Mitchell. The first meeting of the trustees was held on March 28.—Among the **appointments** made by the president are the following: Attorney-General William H. Moody, to be associate justice of the supreme court; Henry White, ambassador to France; Lloyd C. Griscom, ambassador to Italy; John W. Riddle, ambassador to Russia; Irving B. Dudley, ambassador to Brazil; Leslie Combs, minister to Peru; John Barrett, director of the Bureau of American Republics; Colonel Edward S. Godfrey, brigadier-general; Ex-Senator J. C. S. Blackburn, member of the Panama canal commission; Captain George Curry, governor of New Mexico. Beekman Winthrop, governor of Porto Rico, was made assistant secretary of the treasury, and was succeeded in the governorship by Regis H. Post, previously secretary of state for that island.

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THE ISTHMIAN CANAL.—In the middle of November President Roosevelt visited the canal zone for the purpose of seeing for himself the actual condition of affairs. The trip (notable as being the first instance in which a president had left the United States) was made on the battleship "Louisiana." The inspection of the work in progress occupied three days. On December 17 the president sent to Congress an illustrated message, in which he expressed confidence in the success of the canal, reported that sanitary conditions were generally good and stated that Chinese and negroes must be obtained as laborers. He said that doubtless some mistakes would be made and that in so vast an undertaking some rascality was bound to occur, but he warned Congress and the people against "reckless slander" and "doubting Thomases."—In January Mr. Shonts resigned his position as chairman of the canal commission in order to devote himself to the solution of the traction problem in New York City.—On January 12 bids were received for the contract of building the canal, the government to furnish the material and the contractors to be paid on a percentage basis. Mr. Wm. J. Oliver of Knoxville and Mr. Anson M. Bangs of New York submitted the lowest bid, 6.75 per cent of the money to be expended by the government in the work. Mr. Frederick C. Stevens subsequently entered into association with Oliver. On February 26 it was announced that the government had decided not to accept any of the bids. About the same time Chief Engineer John Stevens, who had recently been named for a place on the canal commission, resigned, and three army officers, Majors George W. Goethals, David G. Gaillard and William L. Sibert were ordered to Panama to take up the work. On February 7 it was announced by the war department that, in view of the changes that had taken place in the management of the enterprise, no action would be taken on the bids that had been offered for furnishing Chinese labor. In spite of all the changes that have taken place, the work of construction is progressing steadily, and the amount of earth and rock removed per month is increasing.

THE DEPENDENCIES.—On his way back from Panama President Roosevelt visited **Porto Rico**. On December 11 he sent a special message to Congress asking that citizenship be granted the Porto Ricans, but Congress failed to act on the advice. The insular legislature adjourned on March 18 after the most important session since American occupation. Ninety-five bills were passed, among them a civil-service measure, which was adopted only after long and stormy discussion.—In the **Philippines** there continued to be occasional conflicts with Pulujanes. On December 5 a company of the eighth infantry and a detachment of constabulary under Captain Ham were ambushed in the island of Leyte. Fourteen Americans were killed or wounded; thirty Pulujanes were killed and many others wounded and captured. On February 13 Pulujanes attacked and burned two towns in the province of Occidental Negros, killed six members of the constabulary and, it was reported, killed or carried off two American teachers. In his annual report to Congress Secretary of War Taft stated

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that conditions in the island gave much cause for satisfaction. He urged the adoption of a recommendation made by the Philippine commission to the effect that Congress should pass an act authorizing the insular government to assist in the establishment of a land bank. Such an act was passed. When all the railroads now authorized are constructed, the total mileage in the islands will be between 900 and 1000.

CONGRESS.—In the short session which closed on March 3 the Fifty-ninth Congress completed the necessary routine business and passed among others the following measures: a currency bill, enlarging the monthly limit of banknote retirement; a law forbidding campaign contributions by corporations; a law giving the government in criminal cases the right of appeal on points of law; an act limiting the continuous hours of service that may be required of railroad operatives to sixteen out of twenty-four; and an immigration act which increases the head tax from two to four dollars, debars certain additional classes from admission, provides for the greater safety and comfort of immigrants on shipboard and creates a bureau of information to facilitate their better distribution (see also above, p. 359). A commission composed of three senators and three representatives is to investigate the whole subject of immigration. Appropriation was made for two vessels of the "Dreadnought" type (one of them authorized at the previous session) and four torpedo craft.—The total amount of money appropriated by the Fifty-ninth Congress was about $1,800,000,000, or more money than was spent by all the first thirty-five Congresses.—Numerous other measures were discussed but not passed. One of these was a bill introduced by Senator Beveridge forbidding interstate commerce in articles produced by child labor. A ship subsidy bill was passed in the House but was talked out in the Senate. No Philippine tariff bill was passed, and a proposal to make the postal laws more stringent as regards second-class matter also failed. On the postal question a commission of two representatives and two senators brought in a report in February.

FEDERAL JUDICIARY.—In the **extradition** case of Pettibone *v.* Nichols the court held that the arrest and deportation of an accused person, in such a manner as to leave him no opportunity either to prove before the governor of the surrendering state that he is not a fugitive from justice or to appeal to some court of his own state, is not a violation of article iv section 2 of the federal constitution. The court further declared that it would not interfere by *habeas corpus* on a claim that the methods of arrest violated the federal constitution. There was a strong dissent by Justice McKenna, who argued that extradition between states rests on the assumption that the accused is a fugitive from justice; that the accused may challenge this assumption immediately upon his arrest; and that, if he refute the assumption, he cannot be removed. This decision aroused intense interest in labor circles and has met with unsparing denunciation at the hands of the labor press.—The theory of the **separation of powers** was raised in the Union Bridge Company *v.* the United States. It was held that legislative

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and judicial powers are not conferred upon the secretary of war by the federal statute empowering him to hear parties interested in bridges which are alleged to obstruct navigation and to determine upon alterations.—The **interstate commerce** clause was invoked in two interesting cases. In Delameter *v.* Dakota a license charge on salesmen traveling for liquor dealers of other states was declared not to be an interference with interstate commerce in view of the provisions of the Wilson act. On the other hand, in the Mississippi Railway Commission *v.* the Illinois Central Railway Company the action of the state commission in compelling the company to stop an interstate train at a county seat where adequate train provision was already made was declared unconstitutional.—Under the **obligation of contract** clause an important decision was rendered in American Smelting and Refining Company *v.* Colorado. In that case the court held that a Colorado statute, imposing a new tax on the capital stock of foreign corporations greater than that imposed upon domestic corporations, was an impairment of the obligation of contract as regarded a foreign corporation admitted under an earlier law limiting the rate to that imposed on domestic corporations. In Offield *v.* New York, New Haven and Hartford Railway Company, a statute of Connecticut, under which a corporation owning three-fourths of the stock in another concern was permitted to condemn the outstanding shares owned by a person who refused to agree to the terms of purchase, was held valid.—There has been the usual crop of **due process** cases involving taxation and railway rates. In People of New York *ex rel.* Hatch *v.* Reardon it was decided that the adoption of face value as the basis of a tax on transfers of corporate stock is not deprivation of property without due process of law. In Cahen *v.* Brewster it was held that legatees were not deprived of their property unconstitutionally by an inheritance tax law passed after the death of the legator even though the ownership passed to them immediately upon his death. In Seaboard Air Line Railway Company *v.* Florida the court held that the establishment of local freight rates at the standard generally maintained throughout the state is valid even though the total receipts from the local rates are not sufficient to meet what can properly be cast as a burden upon that part of the business. According to Cleveland Electric Company *v.* Cleveland, it is not due process for a municipality to confer by ordinance upon a second street railway the property of an old company whose franchise has just expired. In Old Wayne Mutual Life *v.* McDonough it was held not due process for a state court to accord full faith and credit to a judgment *in personam* rendered in a sister state without personal service.—In the case of the Illinois Central Railroad *v.* T. G. Edwards and J. N. McKendree the court held that the federal live-stock quarantine act of 1903 is unconstitutional.—In passing upon the case of Cherokee Nation *v.* United States and other cases, the court held that white persons intermarried with Cherokees cannot claim the right to participate in the allotment of lands by the tribe.—In United States *v.* John F. Shipp (the case of the Chattanooga lynchers; see

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last RECORD, p. 735) the court refused to accept the plea that the lower court had exceeded its jurisdiction by granting the negro lynched a stay of sentence and that for this reason those guilty of lynching him were not liable for contempt. The case is still pending.—The employers' liability act of June 11, 1906, has been held unconstitutional by two federal district judges.

STATE AFFAIRS.—In **Maine** a bill repealing the Sturgis law for the strict enforcement of the prohibition of the sale of liquor was passed by the legislature, but was vetoed by Governor Cobb on the ground that to repeal the law without substituting any similar measure would take from the executive all power to enforce the prohibitory law, would protect law-breakers, and would encourage the nullification of all laws.—As seemed probable when the last RECORD closed, no candidate received a majority in the gubernatorial contest in **New Hampshire**, but Charles M. Floyd, the Republican candidate, who received a plurality, was later elected by the legislature.—In February Governor Hughes of **New York** requested the resignation of Otto Kelsey, state superintendent of insurance, on the ground that he had retained in office incompetent and unreliable men and had done practically nothing toward reforming abuses uncovered by the recent insurance investigations (see RECORD of June, 1906, p. 364). Kelsey refused to resign, and the governor then sent a special message to the Senate requesting his removal. In accordance with the governor's recommendation, a bill to abolish the state railway commission, the gas and electric light commission and the rapid transit commission and to confer all their powers upon two public-service commissions, each to have jurisdiction in one of two geographical districts, was introduced into the legislature.—In **New Jersey** opposition of the reformers to the reëlection of Senator Dryden culminated early in February in Dryden's withdrawal from the contest and in the election of State Treasurer F. O. Briggs.—A legislative inquiry is being made into alleged extravagance and corruption in the building of the **Pennsylvania** state capitol. Early in March a flood caused great loss of property and considerable loss of life at Pittsburg and other points on the Ohio and its tributaries.—The **South Carolina** legislature abolished the state dispensary system. From now on counties may vote either to have a local dispensary or to be "dry." The abandonment of the previous system was largely caused by a belief that it was corruptly administered.—During January and February the **Texas** legislature investigated charges made against United States Senator Bailey, *viz.* that he had been too closely connected with the Waters-Pierce Oil Company and that in return for payment he had wrongfully used his influence to secure its readmission to the state in 1900. While the charges were pending, Bailey was reëlected to the United States Senate; and in the end he was exonerated by a vote of 15 to 11 in the Senate and of a vote of 70 to 40 in the House.—In the spring election in **Michigan** the Republicans elected their candidate for governor by a majority of 75,000.—In April the supreme court of **Minne-**

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sota released the Great Northern Railroad from an injunction restraining the company from issuing $60,000,000 worth of new stock, and held that the law authorizing the railway commission to forbid the issue of additional stock is unconstitutional.—In February the United States Senate voted on the long pending question of the admission of Reed Smoot, the Mormon senator from **Utah**. The decision was in his favor. On November 23 Joseph F. Smith, president of the Mormon church, pleaded guilty to the charge of unlawful cohabitation and was fined $300. The case was occasioned by the birth of Smith's forty-third child.—In March the **Oklahoma** constitutional convention completed its labors. The constitution contains more than 100,000 words. A clause providing for exclusion of intoxicating liquors from the state is to be submitted to popular vote separately. Several provisions which the delegates feared might be disapproved of by the president were placed in the form of resolutions or instructions to the first legislature. Among these were "Jim Crow" regulations. In the creation of senatorial and legislative districts the state was gerrymandered in the interests of the Democrats.

MUNICIPAL AFFAIRS.—A bill partially reorganizing the police of **New York City** and giving increased powers to the commissioner was passed by the New York legislature in April. The law abolishes the grades of inspector and detective sergeant, and empowers the commissioner to detail captains to act as inspectors and other officers to act as detectives with higher pay during such employment, and to revoke such details whenever he sees fit. The measure was opposed by the police and by Tammany, but was supported by many well-known men of both parties.—The **Philadelphia** reform party was defeated in the city election in February.—In January Mayor Johnson of **Cleveland** obtained from the federal supreme court a decision to the effect that certain of the street railway franchises in the city had expired in 1905 or would expire at other dates earlier than 1914, the date claimed by the company. A report on the operation of the Forest City Company's lines by the city for a period of three months showed a small profit on a three-cent fare. On April 2 the council adopted a report of a special committee to the effect that the matter of franchises, low fares and other issues involved should be submitted to a popular vote.—The **Chicago** municipal election on April 2 resulted in the choice of Frederick Busse, the Republican candidate, over the incumbent, Edward F. Dunne, the Democratic candidate. Dunne stood for the principle of immediate municipal ownership; Busse favored twenty-year franchises for independent companies with the privilege of purchase at the end of that period. Dunne was personally supported by William Randolph Hearst, and the campaign was a bitter one. On April 18 the state supreme court held that the city could not issue Mueller loan certificates for the purchase of the street railways because such issue would carry the city's bonded indebtedness beyond the legal limit.—In **San Francisco** a grand jury indicted Mayor Schmitz on a charge of using official influence to blackmail the

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keepers of illegal resorts and of issuing indulgences to them to continue their unlawful practices. Charges are also made that he and others sequestered large sums from the relief contributions. Abraham Ruef, the boss of the city, Chief of Police Dinan and others were also indicted for bribery and extortion. Every effort was made by the members of the "ring" to evade trial but without success. In March members of the board of supervisors confessed in order to save themselves. The revelations already made show a state of affairs rivaling that of New York under Tweed.

THE RAILWAYS AND THE TRUST PROBLEM.—During the period under review there was much inquiry regarding the financial management of the great railroad systems. The most important investigation was that made by the interstate commerce commission into the affairs of the "Harriman systems." Some startling facts were disclosed. It appeared, for example, that by the so-called "reorganization" of the Alton Railroad in 1898 and 1899 profits of $24,000,000 were made by the "reorganizers," and that Harriman not only received a large part of the profits, but also a fee of $100,000 for his services. Great indignation was aroused, and Senator Cullom of Illinois expressed the sentiment of a large portion of the public when he said: "If I could have my way and there was a law to do it, I would put Harriman in the penitentiary for his work in the Alton deal and keep him there long enough to make him pay the full penalty for looting the road and bringing about conditions for which the bondholders will have to suffer."—These disclosures, together with the belief that the president intended to advocate radical measures, were partly responsible for a Wall Street panic, in the middle of March, in which values declined more than half a billion dollars. The secretary of the treasury, however, came to the assistance of the money market, and the recovery was a rapid one. There were no important failures, the country as a whole suffered no ill results, and the general public viewed the situation with equanimity, if not with satisfaction.—The disclosures were instrumental in forwarding railroad legislation in many states. Laws creating railroad commissions were passed in Alabama and in several of the far western states. The Oregon legislature prohibited free passes. Nevada passed a law forcing connecting lines to make a joint freight rate and prescribing a maximum charge. Indiana, Maryland, Kansas, Missouri, Nebraska, Pennsylvania and West Virginia enacted legislation providing for a two-cent rate per mile for passengers; Iowa and Michigan adopted graduated rates, or rates based on a sliding schedule proportionate to the length of the road or its earnings per mile; and similar legislation was adopted or at the close of this RECORD was pending in other states. In Nebraska an act was passed which marks the end of a six years' fight and which provides for the taxation of railroad property in cities and villages for local purposes on the same basis on which other property is taxed. One result of all this legislation is that the railroads are finding it extremely difficult to float their stocks and bonds and to secure the money necessary for improvements.—The campaign against re-

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bates continued and several convictions were secured.—The campaign against **trusts** also was actively prosecuted. On November 15 the United States began suit in St. Louis to break the oil trust, naming as defendants the Standard Oil Company of New Jersey and its seventy constituent companies, besides John D. Rockefeller, H. H. Rogers, and others individually. It was charged that the oil companies had violated the Sherman anti-trust act, and the government asked for an injunction that would result in a dissolution of the combination.—On January 14 the grand jury of Hancock county, Ohio, returned 939 indictments against the Standard Oil Company and affiliated companies for combining to prevent competition. The fines and costs involved are said to aggregate $60,000,000.—In February the interstate commerce commission brought in a report on the relation of common carriers to oil production and distribution. This report dealt severely with the Standard Oil Company, declaring that the ruin of its competitors had been a distinct part of the company's policy. The celebrated pipe line of the company was declared to be not a natural but rather an artificial advantage, inasmuch as competitors had been unable to lay down similar lines owing to opposition on the part of the railways which controlled the right of way. The railway traffic arrangements were declared to be more or less permeated with discriminatory rates in favor of the Standard Oil Company, and it was stated that it might be necessary for the government to fix rates for such traffic.—In January a federal circuit court fined the McAndrews and Faber Company of New York $5000 on each of two counts for monopoly and illegal restraint of trade, and fined the J. S. Young Company of Baltimore $4000 on each of two similar counts. These were the first convictions secured in the government's actions against the tobacco trust.

LABOR AND CAPITAL.—As a result of a seven weeks' deadlock between the general managers' committee of the railroad lines west and southwest of Chicago and representatives of the employees on these lines, a strike was authorized late in February by the chiefs of the trainmen's and conductors' organizations. Forty-nine roads were involved and about 50,000 men. The situation was so serious that Chairman Knapp of the interstate commerce commission and United States Labor Commissioner Neill went to Chicago and endeavored to arrange an accommodation under the Erdman law. They succeeded in effecting a compromise by which the trainmen were to receive about ten per cent increase in wages, about two per cent less than they had demanded. The men failed, however, to win their demand for a nine-hour day.—The demand of trainmen on the Pennsylvania lines east of Pittsburg for an increase in wages and for shorter hours came near resulting in a serious strike in March, but in this case also a compromise was finally effected.—In the same month a street car strike occurred at Louisville, in the course of which a number of strike breakers and other persons were injured.—On March 11 a strike of 2000 shipbuilders began at Cleveland, Chicago and other lake ports against the American Shipbuilding Company. Rioting at Lorain, Ohio, necessitated the calling

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out of troops.—In the same month a large strike of brewery employees occurred in St. Louis, but on April 3 contracts for three years were signed. The contracts provided for an increase in pay amounting to about fifteen per cent and for the arbitration of disputes.—In February the letter carriers of Butte, Montana, resigned because their pay did not enable them to live in a city where expenses were so high.—On March 6 it was announced that Attorney-General Bonaparte had decided that it was unlawful for the state of South Carolina or any other state to pay the passage of intending immigrants or to assist foreign immigration otherwise than by advertising. One shipload had already been brought. Later it was announced that the government would not interfere with South Carolina's efforts, provided some modifications were made by the state authorities in the mode of procedure. —There have been a number of convictions for peonage since the last RECORD closed.

THE RACE PROBLEM AND LYNCHING.—On December 5 two Texas cowboys attempted to hang a negro named Lewis on a Santa Fé train near Topeka, Kansas, but the negro escaped. He wore a Knight of Pythias pin, and the cowboys did not like to see a negro "putting on airs." —On December 21 a mob at Annapolis, Maryland, lynched a negro accused of assault.—Just before Christmas there was a severe race conflict at and near Scooba, Mississippi. A militia company was sent from Meridian to the scene of the trouble, but, angered by slights, it soon returned. Trouble broke out again, and a number of negroes were shot or lynched. Other troops were sent, and Governor Vardaman himself repaired to the scene. Almost all those killed were innocent of wrong-doing. District Attorney Currie stated that the "trouble was caused by a lot of outlaws who openly violated all laws of God and man and decency. The four men killed on Christmas Day were not connected with the affair in any manner." —Another race riot occurred in February near Roanoke, Virginia. The trouble grew out of the discharge of a number of negroes by a white foreman, and in the hostilities that followed several men were killed or wounded.—On March 14 two negroes were lynched at Monroe, Louisiana, for having murdered an Italian fruit vender.—On April 14 a negro accused of assault on a white woman broke away from a mob at Bunkie, Louisiana, and in the excitement, while the would-be lynchers were firing after the fugitive, several were accidentally wounded, one of them fatally. The negro was later caught and lynched.—On January 9 a mob took a white man, accused of murdering his wife, from the jail at Waterloo, Iowa, and hung him.—Other lynchings were reported, but the total number (as is usually the case in the winter months) was less than during the preceding half-year.—In April one house of the Florida legislature adopted a resolution to the effect that the fourteenth and fifteenth amendments to the federal constitution were never legally adopted and that the negro is therefore not legally entitled to vote.

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III. LATIN AMERICA.

On April 14 Chilpancingo, Chilapaca, and other places in **Mexico** were damaged or destroyed by an earthquake. The number of dead, according to one report, was about five hundred.—In December a revolt broke out in **Ecuador**, but it was soon suppressed. In the same month the National Assembly elected General Alfaro, the acting president, to be constitutional president for four years.—The health of President Castro and the condition of **Venezuela** remained unsettled. Early in February General Antonio Paredes landed near the mouth of the Orinoco and started a rebellion, but was soon captured at El Rosario and was executed with seventeen followers. In the same month an operation was performed upon the president which brought him some relief. In the middle of March another revolt broke out under the leadership of General Penaclosa, but he also was defeated later in the month.—An insurrection that was quickly suppressed broke out at San Juan, **Argentina**, on February 7. The movement was of local importance only. (For other Latin-American events, see pp. 360–362.)

IV. BRITISH AMERICA AND AUSTRALASIA.

The Parliament of the Dominion of **Canada** began its sessions on November 22. The most important subject considered was the revision of the tariff law. The government's bill, which was introduced by Minister of Finance Fielding, embodied the results of the work of a commission that had spent many months in investigations and in hearings through all parts of the country. As passed, the bill fixes three different rates: (1) on imports from Great Britain, (2) on imports from other countries that do not have a reciprocity agreement with Canada and (3) on imports from countries that have reciprocity agreements.—Late in January it was announced that the number of immigrants who came into the Dominion during 1906 was 215,912, or 71,294 more than in 1905; 98,257 came from the British Isles, 63,781 from the United States, and 53,874 from continental Europe.—Much dissatisfaction has been expressed in **Newfoundland** over the terms of the *modus vivendi* agreed upon between the United States and Great Britain last fall (see last RECORD, p. 728).—The **South Australian** elections, held early in November, resulted in a gain of three seats by the Labor Party. The Federal elections in December resulted in a decided victory for the Deakin government. The state elections in **Victoria** in the middle of March resulted in the return of 50 ministerialists and 15 members of the opposition.—In **Western Australia** a bill providing for a referendum on the question of secession from the commonwealth (see last RECORD, p. 744) was read in the Assembly on November 11, but was later dropped.—In consequence of the prosperity of the country, the abundance of land and the scarcity of labor, **New South Wales** and **Queensland** are assisting immigration.—Some of the premiers of the individual states were dissatisfied that Mr. Deakin, the premier of the commonwealth, should alone represent Australia at the colonial conference in London (see GREAT BRITAIN, *infra*).

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V. EUROPE.

GREAT BRITAIN.—Before adjourning for the holidays the **House of Lords** passed the trades dispute bill, but threw out the bill for the abolition of plural voting, and amended the education bill (see last RECORD, p. 744) so that it was practically unrecognizable. The House of Commons refused to accept the amendments, and there was much denunciation of the Lords for blocking legislation desired by the people.—In December Mr. Birrell succeeded Mr. James Bryce as chief secretary for **Ireland.** Mr. Birrell announced that it was the purpose of the government to introduce at an early date a bill "to provide for an Irish council and for other purposes connected therewith." Shortly before leaving for America to take up his duties as ambassador there, Mr. Bryce stated that Parliament would in the near future create a national university for Ireland.—**Parliament** was prorogued on December 21 and was reopened by the king in person on February 12. The speech from the throne announced that the ministry were considering the serious questions that had arisen from unfortunate differences between the two houses "with a view to a solution of the difficulty." Licensing reform, military reorganization, a Scottish land bill, a measure "for further associating the people of Ireland with the management of their domestic affairs" and an Irish university bill were promised.—The opening was marked by another noisy and disorderly demonstration on the part of the woman suffragists, more than fifty of whom were arrested.—On the 27th the House of Commons resolved by a vote of 198 to 90 that in the interests of religion and of the nation it was desirable that the church should be disestablished and disendowed both in England and Wales.—A women's suffrage bill was introduced in the Commons, but was not made a party measure. It was supported by the premier, but was not passed.—On April 18 Mr. Asquith, the chancellor of the exchequer, made his budget speech. He estimated the expenditures for 1907–08 at $703,785,000, or about eight millions less than for 1906–07. The permanent reduction of the national debt during 1906–07 amounted to $68,570,000. He announced himself in favor of an old-age pension, having set aside a sum for that purpose, and recommended that the tax rate on earned incomes should be lowered and that the death duties on large fortunes should be raised.—Municipal elections of members of the London borough councils and the London county council in November and March respectively resulted in a sweeping victory of the moderate or municipal-reform party. The result was regarded as a reaction against municipal trading and socialism.—On March 20 the government introduced a Scottish education bill, which provides in certain cases for the medical inspection of children and for supplying them with meals, authorizes expenditures in the interest of neglected children, and confers on school boards power to issue by-laws compelling children above the elementary school age to attend continuation classes.—The fourth **conference of colonial premiers** met in London on April 15 under the presidency of the Earl of Elgin, secretary of state for the colonies. Those pres-

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ent included Dr. Jameson of Cape Colony, General Louis Botha of the Transvaal, Alfred Deakin of Australia and Sir Wilfrid Laurier of Canada. In his speech of welcome, Premier Sir Henry Campbell-Bannerman outlined the subjects to be discussed, which included preferential trade between the colonies and Great Britain and among the colonies themselves, a project for a permanent council, imperial defense schemes, naturalization and patent laws.

FRANCE.—The chambers reassembled on November 5. The ministerial declaration stated that the government would remain devoted to the maintenance of peace, but that while the peace of the world rested upon force France could not disarm. The secularization of the schools would be completed as soon as possible, and the government would ensure liberty of worship. The separation law (see last RECORD, p. 746) would be applied without wavering, and, if necessary, new means would be devised to enforce it. Reference was made to the creation of the new ministry of labor, and it was announced that steps would be taken toward establishing workingmen's pensions, amending the laws regarding trade unions, improving the condition of agriculture, and taxing incomes. The declaration was approved by a vote of 395 to 96. Two days later M. Briand, the minister of public instruction, announced that the church was free to refuse the advantages offered to *associations cultuelles,* but that on and after December 11 it would have to submit to the common law. The state, he said in a later speech, was neither religious nor irreligious, but was bound to oppose any political intervention by the church. The work of taking inventories was resumed on November 19, and in only a few cases was any serious resistance offered. On December 11 the separation law went into effect, and from that date all church edifices and other property passed into the hands of the state. A compromise had been expected, but on December 8 the pope issued an encyclical in which he forbade the clergy to make declarations under the public meetings law of 1881 or to form *associations cultuelles* under the law of 1905. Ecclesiastics were to remain passive and not to coöperate in any way in the act of sequestration, except in cases "in which the bishop considers that the refusal to surrender keys might cause grave consequences." The attitude of the pope left the French clergy in a hard position. On the morning of December 11 Mgr. Montagnini, the secretary of Cardinal Merry del Val, the papal secretary of state, was seized, together with the archives of the Paris nunciature, and was expelled from France on the ground that he was an emissary of a foreign power endeavoring to incite French citizens to disobey the law. The documents seized by the government were later examined, edited and published. On the 17th the archbishop of Paris was expelled from his residence, while other evictions took place elsewhere. An official *communiqué* gave the number of pensions and temporary allowances granted to the clergy up to December 13 at 38,300, of which over 16,000 were for life, and stated that no further claims for pensions or allowances were to be received. The government

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showed a desire to be lenient, and late in December a supplementary act was passed; but the pope remained obdurate and on January 11 issued an encyclical to the effect that the law was one of direct confiscation of church property and that the aim of the government was to dechristianize France. In February the law was still further modified so as to abrogate the notification requirement for public meetings. In case, however, the notification is made it will confer upon the priest a juridical character instead of leaving him the character of mere occupant. Any two persons, members of the parish, and not necessarily the priest, can carry out the formality of notification, giving the name of the priest, who will then have the legal use of the church. The pope still maintains an uncompromising attitude; the government is determined to follow a moderate policy and not to do anything that can be represented as an act of persecution; and a large part of the clergy appears to be dissatisfied with the way the papacy has managed the affair. Some of the extreme radicals are dissatisfied with the ministry; but that it still continues strong is shown by the fact that in February it received a vote of confidence of 389 to 88.—A law passed some months ago providing for the suspension of business on Sunday appears to be defective in some respects and has caused much opposition on the part of certain classes of shopkeepers.—On March 13 the battleship "Jena" was blown up in the dry dock at Toulon by an internal explosion, and 110 of the officers and crew were killed.—A plebiscite taken by the *Petit Parisien* on the question, who was the greatest Frenchman of the nineteenth century, produced some interesting and significant results, showing the evolution of the French mind and the influence which Republican government and the Republican school system have exercised upon the ideas of the present generation of Frenchmen. Fifteen millions of answers were received. Pasteur stood first with 1,338,425; Victor Hugo was a close second; Napoleon I received only the third place.

GERMANY.—Early in November it was announced that the emperor had accepted the resignation of General von Podbielski, the Prussian minister of agriculture; but there was no modification of the retired minister's policy of closing the German frontiers, on alleged grounds of veterinary police, against the import of foreign cattle and meat, a policy which operates in favor of landowners and against the industrial classes.—On December 13 the Reichstag rejected the supplementary credit for Southwest Africa which the ministry had demanded. Chancellor von Bülow thereupon read an imperial message dissolving the Reichstag. The date of the **new election** was fixed for January 25. The campaign was a vigorous one, and Herr Dernburg, the new colonial director, played an active part in it, as did also the Naval League. Contrary to expectations, the election resulted in a decided triumph for the supporters of the government. The clerical Center held its own; but its allies, the Guelphs, lost four of their five seats in Hanover; and the Social Democrats secured on the first balloting but 29 seats, as against 53 in 1903, and in the supplementary elections,

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February 2–5, but 43 seats in all, as against 79 in 1903. The opposition parties polled, however, a majority of the entire popular vote. Much criticism was aroused by the methods employed by the government during the campaign, and on April 11 the electoral commission of the Reichstag declared the election of a Conservative member illegal because the chancellor had used undue influence in his favor.—The new **Reichstag** was opened on February 19. The emperor in his speech from the throne announced, as the first measures to be submitted, the estimates for 1907, a supplementary credit for Southwest Africa, and a bill for the construction of the Keetmanshoop-Khubub railway. The speech stated that the crisis in Southwest Africa was past, and that the uprising in German East Africa had been completely put down; it outlined various colonial measures; and it foreshadowed a more circumscribed definition of *lèse majesté*. In a speech on the 25th Herr von Bülow denounced the Center for its alleged coöperation with the Socialists in certain constituencies, and later laid down a program which to the Liberal supporters of the government appeared somewhat vague. Two days later Herr Wiener, the Radical leader, served notice that his party would not be satisfied with mere good will but would demand actual performance along liberal lines. In particular, he referred to the crying need for a redistribution of seats, asserting that the gross and growing disparity in the size of the present constituencies renders the Reichstag a caricature of a representative chamber. The first measure passed was the supplementary credit for Southwest Africa. —The bogus "captain of Köpenick," the shoemaker who, by personating a Prussian officer, had been able to seize upon all the cash in the Köpenick treasury, and whose exploit furnished the world with so much amusement, was convicted on December 1 and sentenced to four years' imprisonment. —In March it was announced that the grand dukes of **Mecklenburg-Schwerin** and **Mecklenburg-Strelitz** would introduce constitutional government into their respective duchies. The announcement marked the end of an agitation which had been conducted for thirty-six years against the anomalous survival of two absolute monarchies in the constitutional federation of the German Empire.—Early in March the Federal Council, presided over by Chancellor von Bülow, rejected the application of the **Brunswick** Diet to admit the youngest son of the Duke of Cumberland to the succession (see last RECORD, p. 746).

AUSTRIA-HUNGARY.—In January Francis Joseph signed an **Austrian universal suffrage** bill passed during the closing days of 1906. By this new law the four classes recognized by the old law, the landed proprietors, the towns, the rural communes and the chambers of commerce, are abolished as electoral divisions. Every male Austrian of twenty-four years of age has the right to vote. To prevent race contests, new constituencies are to be organized for the electors of the different races, *i. e.*, Germans will vote only for German candidates, Czechs only for Czech candidates, and so on. Seats are to be allotted according to population and taxpaying

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ability.—On New Year's day Dr. Wekerle, the **Hungarian** premier, stated that the government would bring forward an electoral reform bill based on universal suffrage, perhaps as early as the next session.—The sessions of the Delegations closed in January. Few noteworthy features had marked the proceedings.—During the past few months there has been a decided lull in the racial and political contests in the empire.

ITALY.—It was announced in November that the budget for 1906–07 would show a surplus of $12,500,000. Early in February a bill for regulating the service of the railways and for instituting a permanent parliamentary commission of surveillance was introduced by the government. In March it was announced that the excavations at Herculaneum would be carried on exclusively with Italian funds and that foreign assistance would be declined.—On November 18 a bomb was exploded in St. Peter's, but it did little damage. On December 16 thousands of demonstrators friendly to France and anti-clerical in sympathy gathered on the plazza near the French embassy. They were charged by cavalry, and some were injured while others were arrested. Pope Pius X on April 15 created seven new cardinals, most of whom were Italians. The college is now composed of thirty-seven Italians and twenty-five foreigners.

RUSSIA.—Despite the efforts of administrative press bureaus to persuade the world that the czar's dominions are now pacified, it is known that rioting has continued and that many assassinations have occured. From figures compiled in April it appeared that in seven months 1242 persons had been assassinated and 1080 executed. Taxes have fallen greatly in arrears in some places, and the government is experiencing much difficulty in obtaining money. At the same time, however, it cannot be denied that the general situation is in some respects improved.—Political interest has centered chiefly around the election and meeting of the new Duma. In the campaign preceding the **elections,** the Stolypin government behaved in a manner which showed that they were determined that the revolutionists, socialists and other radicals should not have a deciding voice, if intimidation, arrests and all prestige of the monarch and the authority of the church could prevent it. In addition to endeavoring to conciliate the peasants by the distribution and sale of crown lands, the administration practically nullified a part of the popular vote that was likely to be hostile to it by disfranchising municipal and railroad officials and workmen, on the ground that these were employees of the government. The peasants were also forbidden to choose for their representatives any persons not permanent residents in their respective districts, a regulation which excluded most of the revolutionary agitators elected by peasant communes to the last Duma. By arrests, exiles and executions the administration managed to get rid of many of the most prominent radical leaders. Despite all the government's efforts, however, both the preliminary and the final elections (the latter held late in February) resulted unfavorably, and the Social Democrats, Constitutional Democrats and other reform parties gained a large majority

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of the seats.—The new **Duma** held its first session on March 5. Feodor Golovin, a Constitutional Democrat, was elected president by a vote of 356 to 102. On March 18 M. Stolypin, in reading the ministerial declaration, announced that the "country must be transformed into a constitutional state." He then proceeded to lay before the body a list of bills drawn up by the government. Measures should be passed to determine the civic status of all classes of the population, to ameliorate the condition of the peasants, to secure liberty of conscience and inviolability of person, to improve the system of instruction, to reform the administration of justice, to reorganize the finances, *etc.* In legislating upon the subject of toleration the government was, however, thoroughly determined to lay down the principle of a Christian state in which the orthodox religion should be privileged. The "exceptional laws," of which three varieties existed, were to be essentially modified. The government had, for instance, decided to abrogate administrative exile. On March 22 the lower house adopted a motion for the appointment of a committee for the investigation and control of famine relief. On the 26th a bill making field courts-martial illegal was opposed by the premier and was referred to a committee. M. Stolypin admitted the force of the arguments against these courts, but insisted that all such arguments must be subordinated to imperious reasons of state. The provisional law by which these courts were established would, he said, lapse in six weeks, and he assured the Duma that in the interval it would not be applied except in the most serious cases. Either from inclination or from policy the new Duma has shown itself more moderate than its predecessor, and has endeavored to avoid giving the government any pretext for its dissolution. On the other hand the so-called Union of the True Russian People and other reactionary agencies are using every effort to bring about a dissolution of the Duma and a narrowing of the franchise.—The Russian situation is complicated by the fact that a serious famine exists in many provinces. In the southeastern provinces the crops failed completely last year, and in many others they were much below the average. The territory affected is about one-half the size of the United States and contains a population of 30,000,000, several millions of whom are in a state of acute want.—In January Admiral Nebogatoff was condemned to death for surrendering to the Japanese in the battle of the Sea of Japan, but the sentence was later changed to imprisonment for ten years. In the same month a book on the war written by General Kuropatkin was suppressed but was later published in Germany. The book reveals a condition of amazing neglect, incapacity, disobedience and cowardice in the Russian army before and during the war.—On March 15 and 16 polling took place in Finland for the first time under the new system of universal adult suffrage with proportional voting. Exemplary order was everywhere observed. A majority of voters were women, and nineteen women were chosen as delegates to the Diet. The election resulted in an overwhelming victory for the Social Democrats.

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MINOR EUROPEAN STATES.—After several changes of ministry in **Spain** Senor Maura, late in January, formed a Conservative cabinet, excluding the Clericals. The return of the Conservatives to power produced a halt in the effort to regulate religious questions. The new government showed a disposition to respect the *status quo* and the concordat of 1857. The decree of last August (see last RECORD, p. 750) authorizing civil marriages without a declaration relative to the religion of the parties was abrogated. On March 30 King Alfonso dissolved the Cortes and ordered new elections.—In February the first chamber of the States-General of the **Netherlands** rejected the budget of the ministry of war because it provided for the abolition of the long-service term of the militia after the completion of the first period of training. The ministry thereupon resigned. A commission which has been sitting for some months has reported that the two chambers of the States-General ought to have more nearly equal powers, that the suffrage should be extended to all men or women of thirty years or over, and that the States-General should have power to provide for the succession.—In December, owing to King Oscar's illness, the crown prince became regent of **Sweden**. On February 2 the government brought in an electoral reform bill, which was passed. The measure establishes practically universal manhood suffrage, and introduces a proportional representation system in elections to the second chamber. The members of the first chamber are to be chosen by the provincial assemblies.—About the middle of March a revolt broke out in **Rumania** among the peasantry of upper Moldavia. The movement was provoked by the exactions and tyranny of the landlords, and the rioters endeavored to drive out the Jewish lessees of the extensive holdings of absentee landlords and to seize the lands for themselves. The rioters are said to have been aided by members of the (anti-Semitic) Union of the True Russian People. Very many persons were killed, and much property was destroyed. More than a hundred thousand troops are reported to have been called out to suppress the movement, and a number of bloody conflicts occurred. Early in April quiet was for the most part restored. On March 24 the Liberal ministry resigned and was succeeded by a Conservative ministry under M. Sturdza.—On November 7 an armed band of Turks and Greeks attacked a **Bulgarian** village and murdered sixteen of the inhabitants. A similar outrage occurred on December 26. In January the revolutionary leader, Danian Grueff, and his band were all killed by Turkish troops near Russinovo in the Walesh district. On March 7 a great outdoor meeting of the opposition was held at Sophia, and resolutions denouncing the government were passed. Four days later M. Petkoff, the premier, was killed by an assassin, who also wounded the minister of commerce. M. Petkoff was the third minister of the Stambuloff party to be assassinated. About the middle of March the ministry resigned, and Dr. Guedeff, president of the Sobranye, formed a new cabinet in which five of the old ministers retained their portfolios.—On November 9 the Porte accepted conditions placed by the embassies on

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their consent to the increase of the **Turkish** customs duties. The increase in the revenue is to be applied exclusively to the financial needs of the three Macedonian vilayets. In December a mutiny occurred among the sailors and marines stationed at Constantinople. In February an imperial irade ordered the formation of a commission to examine and report on the manner in which the battleship "Assar-i-Tewfik" had been renovated and rearmed. Vice-Admiral Hari Pasha was appointed president, but three days later a palace official appeared and endeavored to withdraw the irade. The admiral refused. Four hours later, although he had apparently been in the best of health, he died. A few days later Vice-Admiral Sami Pasha, who as a member of the commission for the reform of the ministry of marine was engaged in the verification of the accounts of a steamship company, died in the same sudden way.

VI. AFRICA AND ASIA.

AFRICA.—In the middle of April it was announced that owing to ill health Lord Cromer had resigned the position he had so long and so ably held in the **Egyptian** government. Sir Eldon Gorst was appointed his successor.—Conflicts with the natives have recently occurred in **Italian East Africa.**—A Transvaaler named Ferreira and several other Boers, who had recently been employed in German South-West Africa, raided police posts in northwest **Cape Colony** in November, but were captured on the 16th. In February they were sentenced to death for murder, but the sentences were later commuted to life imprisonment.—The first election in the **Transvaal** since the restoration of peace was held after a warm canvass on February 20. The Boers, assisted by English Nationalists who are opposed to the grasping policy of the mine owners of the Rand, carried the day. The Dutch party (*Het Volk*) secured 37 seats, the Nationalists 6, the Labor party 3, and the Progressives (mining interests) 21. The Dutch and the Nationalists have objected to the manner in which the Legislative Council is constituted, on the ground that the members appointed are not representative men and that a majority of them are Progressives. On March 8 the new cabinet was sworn in, with General Botha as premier, Mr. Smuts as colonial secretary, and Mr. E. Solomon, brother of Sir Richard Solomon, as minister of public works. All but two of the ministers are Boers. Speaking at a banquet in Pretoria, General Botha declared that British interests would be absolutely safe in the hands of the new cabinet, and spoke feelingly of the trust in the people shown by the British government in granting them a constitution. His ministry would do its best to create a great united nation in which one section would not regard the other with contempt or distrust. One of the first measures passed by the Transvaal Parliament was an Asiatic registration bill.—The **Natal** ministry resigned in November because of lack of support, and a new one was formed by Mr. Moor. It is estimated that 6700 huts were destroyed in suppressing the recent Zulu uprising.—The revolt in **German Southwest Africa** is practically at an end.

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ASIA.—In January it was reported that a thousand **Turkish** soldiers, the remnant of about four thousand sent to suppress the Arab revolt (see last RECORD, p. 752), had returned to Busreh, Asiatic Turkey, in a deplorable state. Over two thousand of their comrades had died of disease or starvation and another thousand had deserted. About the first of December a mutiny occurred among the troops stationed on the Persian frontier, and five hundred deserted.—In December the shah of **Persia**, being in bad health, appointed the crown prince as regent. On December 31 the shah and the regent signed the constitution, but the Assembly objected to the proposed composition of the Senate and some changes were made. On January 8 the shah died and was succeeded by the regent, Mahomed Ali Mirza. Early in February concessions for a national bank were issued. Foreign capital is to be excluded from the undertaking.—Crop prospects in **India** were favorable at the beginning of November, and only a comparative few persons were on relief work. The accounts for 1905–06 showed a surplus of more than two million pounds. The carrying out of Lord Kitchener's scheme of army reorganization has necessitated an extra yearly outlay of about £1,250,000, but it is said that the army will be twice as efficient as before.—In **China** certain new railroad concessions have been granted and the work of railroad extension is proceeding. Great activity is shown in creating a modern army. In February, however, a reactionary step was taken in removing four divisions from the control of Yuan Shi-Kai and placing them under the incompetent and corrupt Manchu general, Feng-Shan. As was stated in the last RECORD (p. 752) the Chinese government has entered upon a crusade against the opium habit. The use of the drug has been prohibited in the army and in the schools; and all the higher officers in the yamêns have been ordered to break themselves of the habit in six months. The cultivation and use of opium are to cease entirely in ten years. A terrible famine, caused by disastrous floods, is raging in the province of Kiang-su. Ten millions of people are reported to be affected, and the death rate is said to be five thousand a day. Much assistance has been rendered from abroad. Late in March it was reported that a general uprising was feared. The inability of the government to relieve the famine is one of the grievances urged by agitators.—In November and December there were some local disturbances in **Korea**, but they were soon suppressed. They are said to have been caused by the incitement of officials who have been deprived of office, by changes in the system of taxation and by the restriction of the nickel coinage. A large immigration of Japanese is taking place.

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